State of Alaska

Comprehensive Annual Financial Report

For the Fiscal Year
July 1, 2001 – June 30, 2002

Prepared by:
Department of Administration
Division of Finance

The FY 02 CAFR is expected to be available on or after January 2003 on our Internet web site at http://fin.admin.state.ak.us/dof/financial_reports/cafr_toc.jsp.

This publication was released by the Department of Administration, Division of Finance to report on the state's financial status. Produced and printed in Juneau, Alaska at a cost of $13.67 per copy. This publication is required by AS 37.05.210.

STATE OF ALASKA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2002

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Introductory Section

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STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

P.O. Box 110200
Juneau, AK 99811-0200
Phone: 465-2200
Fax: 465-2135

December 15, 2002

The Honorable Frank H. Murkowski, Governor
Members of the Legislature
Citizens of the State of Alaska

In accordance with Alaska Statute (AS) 37.05.210, it is our pleasure to present the Comprehensive Annual Financial Report (CAFR) of the State of Alaska for the fiscal year ending June 30, 2002. This report has been prepared by the Department of Administration, Division of Finance. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the state. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the state. Statistical and demographic information are included to enable the reader to gain an understanding of the state's financial activities.

The report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, exhibits of general fund financial information, an organization chart, a list of the executive branch functions by department, and a list of the state's legislators. The financial section includes: the independent auditor's report on the basic financial statements; Management's Discussion and Analysis (MD&A), which provides an introduction, overview, and analysis to the basic financial statements; the basic financial statements, which present the government-wide financial statements and fund financial statements for governmental funds, proprietary funds, fiduciary funds, and component units, together with the accompanying notes to the basic financial statements that outline pertinent accounting and reporting policies as well as explain significant financial matters that are essential to full disclosure of the state's financial operations and condition; required supplementary information other than MD&A, which presents a budgetary comparison schedule for the general fund; and the supplemental financial data section, which includes the combining and individual fund financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

THE REPORTING ENTITY AND ITS SERVICES

The State of Alaska reporting entity reflected in this CAFR, which is described more fully in Note 1 to the basic financial statements, conforms with the requirements of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. These criteria include financial accountability, fiscal dependency, and legal standing. The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents. The financial statements should allow users to distinguish between the primary government (the state) and its component units, with the emphasis being on the primary government. Consequently, this transmittal letter, the MD&A, and the financial statements focus on the state and its activities. Although information pertaining to the discretely presented component units is provided, their separately issued financial statements should be read to obtain a complete overview of their financial position.

The state provides a range of services including education, health and human services, transportation, law enforcement, judicial, public safety, community and economic development, public improvements, and general administrative services.

AUDITS

The Division of Legislative Audit is the principal auditor of the state's reporting entity. The audit of the CAFR was conducted in accordance with generally accepted auditing standards (GAAS), and the independent auditor's report is the first item in the financial section of the CAFR and precedes the MD&A and basic financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the state for the fiscal year ended June 30, 2002, are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the CAFR, assessing the accounting principles used, and evaluating the overall financial statement presentation.

In addition to the annual audit of the state's CAFR, the state is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards, the auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs will be published at a later date under separate cover by the Division of Legislative Audit.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Governmental Accounting Standards Board Statement No. 34 requires that management provide a narrative introduction, overview, and analysis of the state's financial activities. This transmittal letter is intended to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor's report.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The state's government-wide, proprietary, and fiduciary fund financial statements are reported on the accrual basis of accounting. The state's financial statements for governmental funds have been prepared on a modified accrual basis of accounting, with revenues being recorded when measurable and available and expenditures being recorded when services or goods are received and the liabilities incurred.

The state's system of internal controls over the accounting system has been designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgements by management.

In addition to internal controls, the state maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the budget appropriated annually by the legislature. Annual operating budgets are required to be adopted through passage of appropriation bills (session laws) by the legislature with approval by the governor. These laws also identify the source of funding for the budgeted amounts. Control is maintained at the departmental level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Purchase orders that result in an overrun of available balances are not released until budget revisions are approved or additional appropriations are made. Open encumbrances are reported as reservations of fund balance at June 30, 2002.

CASH AND INVESTMENT MANAGEMENT

As discussed more fully in Note 4 to the basic financial statements, the state's cash is controlled by the Treasury Division in the Department of Revenue or by other administrative bodies as determined by law. All cash deposited in the state treasury is managed to achieve a particular target rate of return as determined by the investment objectives set for a given fund. Cash in excess of the amount needed to meet current expenditures is invested pursuant to AS 37.10.070 and AS 37.10.071 which mandates that investments shall be made with the judgement and care exercised by an institutional investor of ordinary professional prudence, discretion, and intelligence under the circumstances then prevailing.

Treasury has established an array of investment pools with varying investment horizons and risk profiles. Equity and fixed income investments are managed in a pooled environment unless required by statute or bond resolution to be held separately. Commingled investment pools maximize earnings potential, provide economies-of-scale savings of time and dollars, and allow smaller funds to participate in investment opportunities that would otherwise be unavailable to them. Rather than each participant (fund) buying identical individual securities, larger quantities of securities can be purchased at one time, reducing the operating costs for manager's time and number of transactions. A fund's equity ownership in a pool is based on the number of shares held by the fund.

CASH FLOW

From the time oil began flowing through the Trans-Alaska Pipeline in the late 1970's, the state has been in the enviable position of having sizeable sums of cash flowing into the state treasury. This cash funded a steadily growing state operating budget, large and small annual capital budgets, and the state's permanent fund.

In more recent years, the reality of declining oil revenues and the corresponding decrease in available cash has become more apparent. This has been reflected in more modest state operating and capital budgets. Also associated with declining revenues, though much less understood, is a cash flow situation that could lead to a cash deficiency for the state. The possibility of a cash flow deficiency grows with each passing year.

Prior to 1985, most unrestricted revenues flowed directly into the state's general fund where they were available to pay day-to-day costs of operating state government. This is no longer the case. Over time, the legislature has established more than 50 cash pools either as subfunds of the general fund or other separate cash pools. In 1990 the legislature appropriated the entire general fund balance available for appropriation at the end of FY 91 to a statutory budget reserve fund (SBRF). By a vote of the people in 1990, the Alaska Constitution was amended to establish a separate constitutional budget reserve fund (CBRF) into which oil tax settlement revenues are deposited. The effect of these actions diverted cash historically destined for the general fund to other cash pools that were not available to pay day-to-day state operating costs.

Also contributing to the potential for a cash deficiency is the fact that the inflow of unrestricted revenues does not mirror the outflow of cash expenditures. Revenues tend to flow in at a generally consistent rate. Expenditures, however, are cyclic with high and low periods. The first quarter expenditures of each fiscal year are generally much higher than revenues for the same period. Clearly, if the general fund (excluding the subfunds) does not have a large cash balance at the beginning of the fiscal year or if other sources of funds are not available, the state faces the possibility of a cash deficiency before the end of the first quarter.

In the past nine budget cycles, the legislature has addressed the possibility of a revenue shortfall. It has included language in the appropriation act permitting the executive branch to borrow cash from the statutory and constitutional budget reserve funds in the event expenditures exceeded revenues. In FY 93

and again in FY 96, funds were taken from the SBRF to balance FY 93 and FY 96 revenues and expenditures. Cash was borrowed from the CBRF in FY 94, FY 95, FY 96, FY 98, FY 99, FY 00, and FY 02 to balance revenues and expenditures. As of June 30, 2002, $4.6 billion has been appropriated from the CBRF.

PUBLIC EMPLOYEES' AND TEACHERS' RETIREMENT SYSTEMS PENSION FUNDS

Net assets at June 30, 2002, of the two largest pension funds, the Public Employees' (PERS) and Teachers' (TRS) Retirement Systems' funds, were $7.4 billion and $3.7 billion respectively. The Schedule of Funding Progress for PERS and TRS as of the June 30, 2001, actuarial valuations, indicated the actuarial accrued liabilities were fully funded for PERS, and 95 percent funded for TRS. Further information on these and other pension funds, including the Supplemental Benefits System and Deferred Compensation plans, can be found in notes 7, 8, and 9 to the financial statements.

RISK MANAGEMENT

As more fully detailed in Note 12.C., the state’s risk management program provides a primary layer of self-insured retention supplemented by excess insurance coverage. The state's risk management program covers all state agencies and component units, except for the Alaska Housing Finance Corporation, Alaska Railroad Corporation, and the University of Alaska who administer their own programs. Further, there is separate coverage provided by the individual component units such as the Alaska Industrial Development and Export Authority for certain individual projects.

GENERAL FUND OPERATIONS

The well-being of the State of Alaska is best reflected in the operations of the general fund. The general fund is the state’s primary operating fund and accounts for all financial resources except those required to be accounted for in another fund. The state maintains many accounts and subfunds (created by law) that are accounted for and reported within the general fund. Two of the most notable are the Constitutional Budget Reserve Fund and the Permanent Fund Dividend Fund. These two funds had previously been separately reported. However, as a result of implementing Governmental Accounting Standards Board Statement No. 34, these two are now included as a part of the general fund. Because of materiality and public interest in these two funds, individual fund data for each is provided in the combining statements for the general fund included in this report.

The state’s major source of unrestricted revenue is petroleum related. In FY 02, petroleum revenue was 37.1 percent of all general fund revenues (see the following table). The largest source of nonpetroleum revenues, as shown in the following table, is federal, which makes up 41.5 percent of revenues. Not all revenues that flow into the general fund are available to pay for unrestricted government activities. The most notable are federal revenues, which are provided for specific purposes.

	FY 02	Percent	FY 01	Percent
Petroleum Revenue				
Property taxes	$ 49.7	1.3	$ 45.1	1.1
Corporate petroleum income tax	232.7	6.3	365.9	8.9
Severance tax	496.3	13.4	703.1	17.1
Mineral bonuses and rents	14.6	0.4	7.1	0.2
Oil and gas royalties	581.0	15.7	788.9	19.2
Total Petroleum Revenue	1,374.3	37.1	1,910.1	46.5
Nonpetroleum Revenue				
Taxes	210.9	5.7	215.6	5.2
Licenses and permits	63.5	1.7	51.4	1.2
Charges for services	157.1	4.2	161.6	3.9
Fines and forfeitures	11.7	0.3	33.5	0.8
Rents and royalties	7.8	0.2	11.8	0.3
Interest and investment income	205.0	5.5	266.8	6.5
Other revenue	144.1	3.8	154.8	3.8
Total Nonpetroleum Revenue	800.1	21.4	895.5	21.7
Federal revenue	1,536.0	41.5	1,308.7	31.8
Total Revenues	$ 3,710.4	100.0	$ 4,114.3	100.0

The total expenditures charged against general fund appropriations during FY 02 amounted to $5,184.3 million, an increase of $246.6 million from FY 01. In addition, transfers to other funds of $4.9 million, and payments to component units of $216.5 million brings the total FY 02 disbursements from the general fund to $5,405.7 million (FY 01 total disbursements, $5,156.4). Expenditures by department are compared with the prior year in the following tabulation (in thousands):

Department	FY 02	Percent	FY 01	Percent
Office of the Governor	$ 26,412	0.5	$ 22,990	0.5
Administration	198,052	3.8	192,917	3.9
Law	30,194	0.6	30,442	0.6
Revenue	1,143,589	22.2	1,207,251	24.3
Education & Early Development	952,275	18.4	945,981	19.2
Health & Social Services	1,302,826	25.2	1,155,764	23.3
Labor & Workforce Development	90,238	1.7	81,511	1.7
Community & Economic Development	130,498	2.5	104,806	2.1
Military & Veterans' Affairs	32,937	0.6	41,442	0.8
Natural Resources	89,117	1.7	78,772	1.6
Fish & Game	67,710	1.3	58,039	1.2
Public Safety	95,065	1.8	97,122	2.0
Environmental Conservation	98,170	1.9	88,867	1.8
Corrections	160,797	3.1	155,788	3.2
Transportation & Public Facilities	663,010	12.8	577,574	11.7
Legislature	37,087	0.7	33,263	0.7
Debt Service	12,636	0.2	12,794	0.3
Alaska Court System	53,735	1.0	52,373	1.1
Total Expenditures	$5,184,348	100.0	$4,937,696	100.0

Fiscal year 01 was restated to incorporate changes in fund classification due to the new accounting standards. Most significantly, Department of Revenue expenditures increased by over $1 billion due to Permanent Fund dividends (this fund used to be classified as a trust fund but is now included as a part of the general fund).

ECONOMIC CONDITION AND OUTLOOK

As mentioned earlier, the state's major source of revenue is petroleum related. However, the price of oil has had its ups and downs over the years. The Alaska North Slope West Coast oil price averaged $21.78 per barrel during FY 02, which is $0.28 over the Department of Revenue spring 2002 projection of $21.50 per barrel and $6.07 less than the average price of $27.85 for FY 01. The fall 2002 projection for FY 03 is $25.94 per barrel.

ACKNOWLEDGMENTS

We wish to express our sincere appreciation to the many individuals whose dedicated efforts have made this report possible. The preparation of this report could not have been accomplished without the professionalism and dedication demonstrated by the financial and management personnel of each state agency, each component unit, and the dedicated staff within the Division of Finance.

Sincerely,

Sharon Barton
Acting Commissioner
Department of Administration

Kim J. Garnero, CPA
Director
Division of Finance

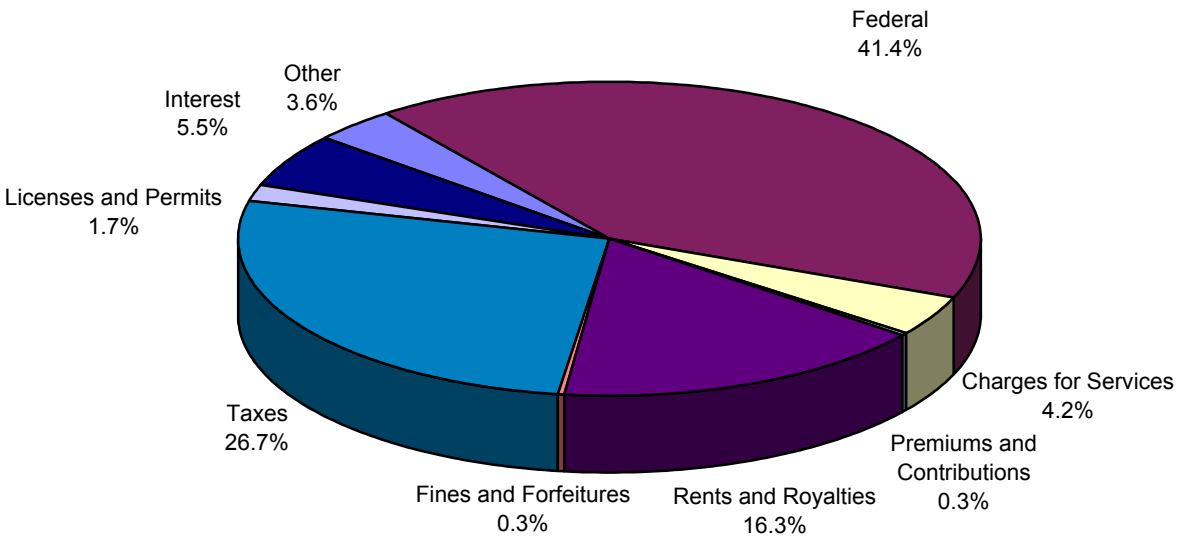
Joseph M. Thomas, CPA
State Accountant
Division of Finance

EXHIBIT 1

STATE OF ALASKA
GENERAL FUND
REVENUE SOURCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

$3,710
(Millions)



STATE OF ALASKA
GENERAL FUND
EXPENDITURES BY FUNCTION

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

$5,184
(Millions)

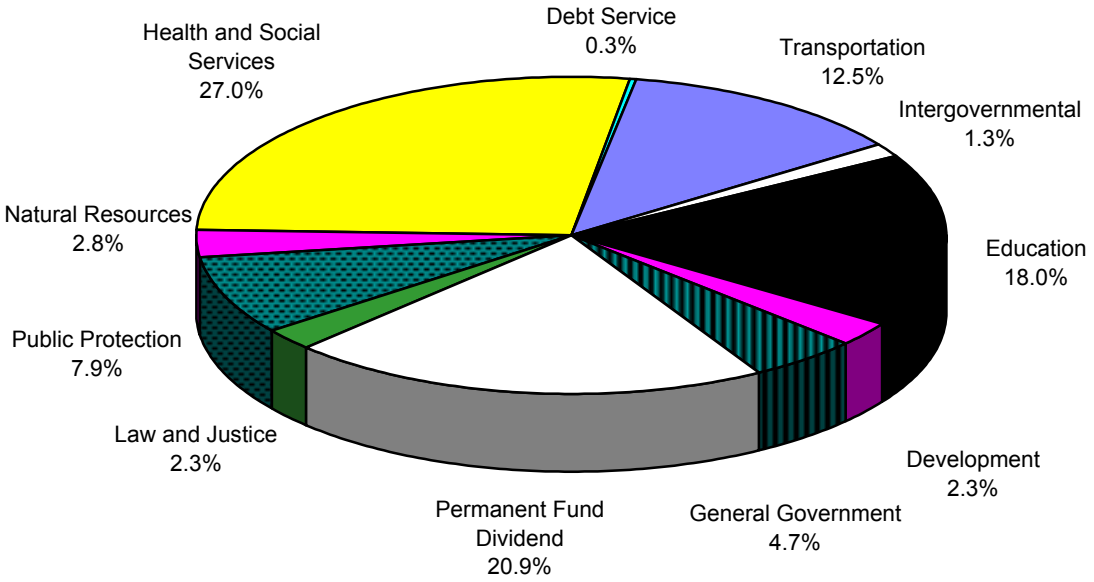
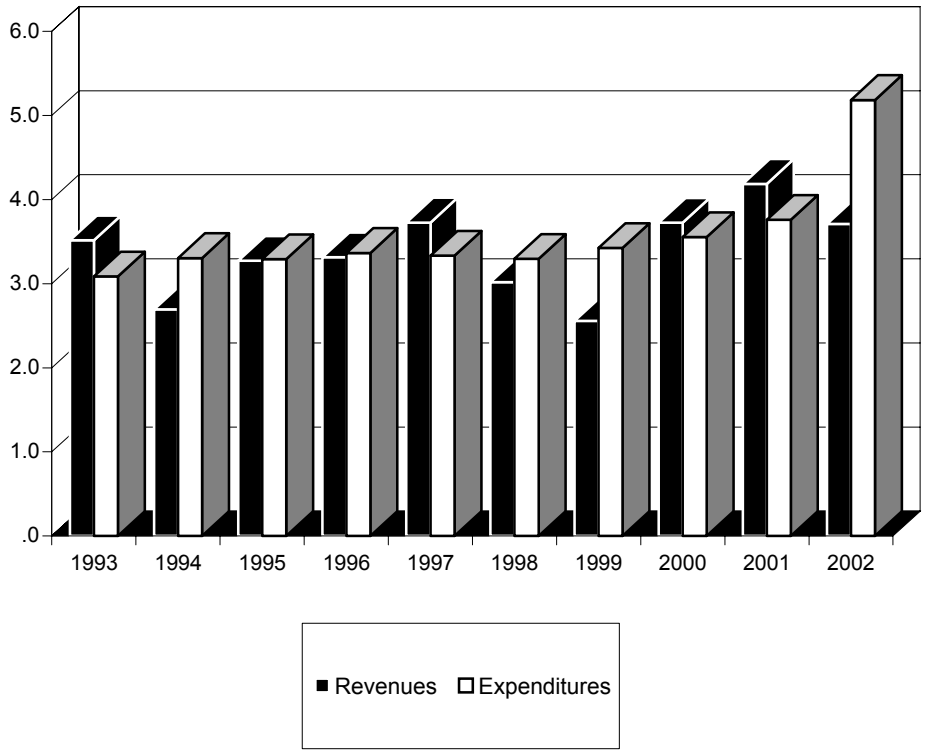


EXHIBIT 3

STATE OF ALASKA
GENERAL FUND
EXPENDITURES AND REVENUES

TEN YEAR COMPARISON
FOR THE FISCAL YEARS 1993 THROUGH 2002

(Stated in Billions)



STATE OF ALASKA
GENERAL FUND
EXPENDITURES BY ACCOUNT

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

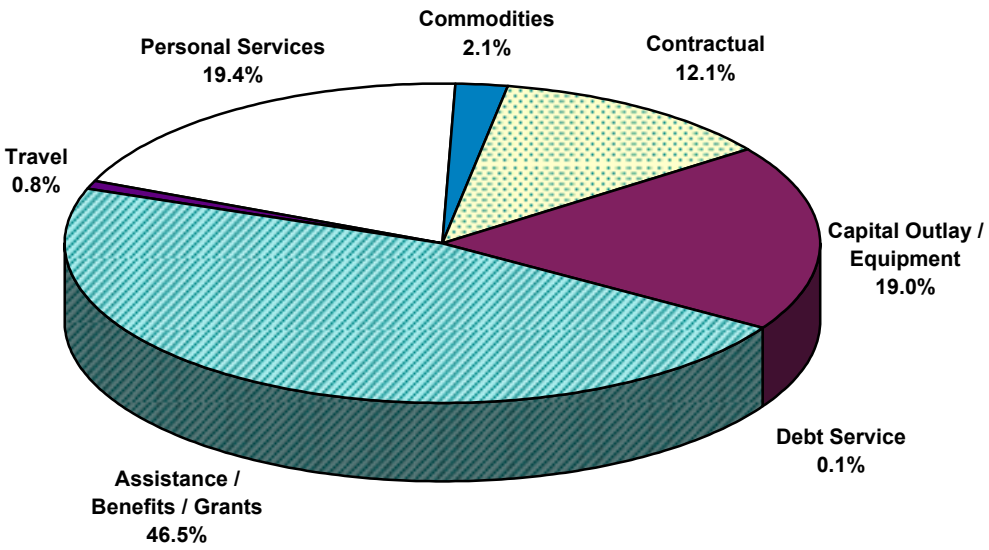
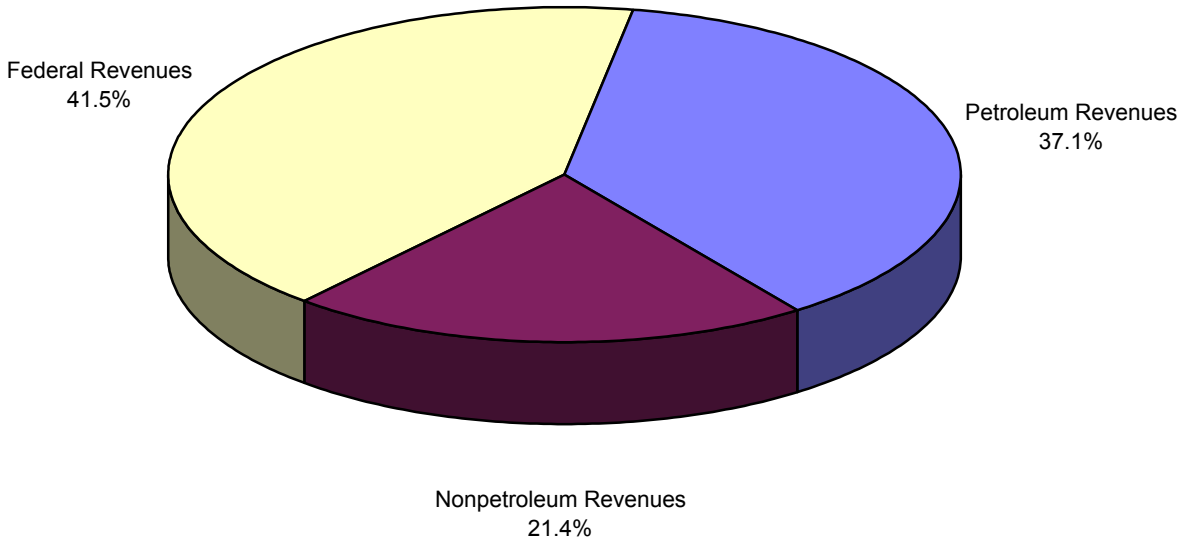


EXHIBIT 5

STATE OF ALASKA
GENERAL FUND
REVENUES

FOR THE FISCAL YEAR ENDED JUNE 30, 2002



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Organization Chart

LEGISLATIVE BRANCH

LEGISLATURE

House of Representatives
Brian Porter
Speaker

Senate
Rick Halford
President

EXECUTIVE BRANCH

GOVERNOR
Tony Knowles
and **LIEUTENANT GOVERNOR**
Fran Ulmer

OFFICE OF THE GOVERNOR
David Ramseur
Chief of Staff

JUDICIAL BRANCH

ALASKA COURT SYSTEM

Judicial Council
SUPREME COURT
Dana Fabe
Chief Justice
APPELLATE COURT
SUPERIOR COURT
DISTRICT COURT

ADMINISTRATION
Jim Duncan
Commissioner

COMMUNITY AND ECONOMIC DEVELOPMENT
Deborah Sedwick
Commissioner

CORRECTIONS
Margaret Pugh
Commissioner

EDUCATION AND EARLY DEVELOPMENT
Board
Shirley Holloway
Commissioner

ENVIRONMENTAL CONSERVATION
Michele Brown
Commissioner

FISH AND GAME
Boards
Frank Rue
Commissioner

HEALTH AND SOCIAL SERVICES
Jay Livey
Commissioner

LABOR AND WORKFORCE DEVELOPMENT
Ed Flanagan
Commissioner

LAW
Bruce M. Botelho
Attorney General

UNIVERSITY OF ALASKA
Board of Regents
Mark Hamilton
President

MILITARY AND VETERANS AFFAIRS
Major Gen. Phil Oates
Adjutant General

NATURAL RESOURCES
Pat Pourchot
Commissioner

PUBLIC SAFETY
Glenn Godfrey
Commissioner

REVENUE
Wilson Condon
Commissioner

TRANSPORTATION AND PUBLIC FACILITIES
Joseph Perkins
Commissioner

Elected by popular vote (includes Lieutenant Governor, elected on same ticket as Governor).
Justices and Judges of the Courts nominated by Judicial Council, selected by Governor and thereafter subject to voter approval.
Department Heads appointed by Governor and confirmed by the Legislature.

As of June 30, 2002

FUNCTIONS OF STATE DEPARTMENTS

OFFICE OF THE GOVERNOR

The Governor is the Chief Executive of the State. The Office of the Governor has the overall responsibility for coordinating the activities of state agencies to ensure that all programs are consistent with Alaska's goals and objectives.

ADMINISTRATION

Services to state agencies: Personnel, Labor Relations, Retirement and Benefits, Finance (payroll, accounts and disbursements), General Services (purchasing, supply, mail, management of Public Building Fund facilities, space allotment); Risk Management, Information Technology Group (telecommunications and computer services). Services to the Public: Senior Services (Alaska Commission on Aging); Longevity Bonus (Pioneers' Homes); Motor Vehicles; Office of Public Advocacy; Public Defender Agency; Alaska Public Offices Commission; Oil and Gas Commission; Alaska Rural Communications System; Alaska Public Broadcasting Commission; and the Office of Tax Appeals.

COMMUNITY AND ECONOMIC DEVELOPMENT

Provides consumer protection through the regulation of banking, securities and corporations, insurance, professional occupations and business licensing.

Promotes economic development in the state through domestic and international promotion of tourism, Alaska seafood, timber, minerals, and other products, and encouragement of business and industrial development. Administers several loan programs.

Fosters the development of independent local governments by providing technical, financial, and program assistance to communities.

Also includes: the Alaska Seafood Marketing Institute, Regulatory Commission of Alaska, Industrial Development and Export Authority, Aerospace Development Corporation, Science and Technology Foundation, and Railroad Corporation.

CORRECTIONS

The Department of Corrections is responsible for public safety through the administration of correctional services including: twelve prisons and jails which provide secure incarceration and appropriate rehabilitation programs for felons and misdemeanants; community residential centers; supervision and case management of probationers and parolees in the community; and oversight of 15 small community jails. Also included in the department is the Alaska Board of Parole, a quasi-judicial Board which makes all parole related decisions.

EDUCATION AND EARLY DEVELOPMENT

The Department of Education and Early Development is responsible for the development of lifelong learners. The State Board of Education and Early Development is the executive board of the department. The board develops educational policy, promulgates regulations governing education, appoints the Commissioner of Education and Early Development with the Governor's approval, and is the channel of communication between state government and the public for educational matters. Education policies are determined by the board and administered by the Commissioner through department divisions. Programs administered include: public school funding, early child care, teacher certification, and student assessment. State operated schools and programs include: Alyeska Central School - the state's correspondence program, Mt. Edgecumbe High School - the state's secondary boarding school program, and the Alaska Vocational Technical Center - the state's adult vocational training center. The department also administers the state libraries, archives, records and museum services, provides grants to the arts community, and provides loans to post-secondary students through the Alaska Student Loan Corporation.

ENVIRONMENTAL CONSERVATION

The Department of Environmental Conservation is the state regulatory agency responsible for protection of public health and the environment through safe handling of oil hazardous substances, air and water quality, safe drinking water and wastewater, and food safety and sanitation in public facilities. Through partnerships with Alaska citizens, businesses, and communities, the department works to safely manage and reduce pollution and hazards. DEC services include financial and technical assistance to communities for upgrading water, sewage and solid waste, developing outreach methods to help Alaskans understand their role in protecting health and managing environmental quality, and permitting based on risk to public health and environment. The department also offers assistance to Alaska cities to meet health-based standards for air quality, to position oil spill response equipment in communities, and to develop environmental education programs.

FISH AND GAME

The Department of Fish and Game is mandated to manage, protect, maintain, improve and extend the fish, game, and aquatic plant resources of Alaska in the interest of the economy and general well-being of the State. The Boards of Fisheries and Game adopt regulations to conserve and develop these resources. The commissioner and the department conduct management and research functions necessary to support these goals. Includes the Commercial Fisheries Entry Commission, a quasi-judicial agency which promotes resource conservation and sustained yield management by regulating entry into Alaska's commercial fisheries.

HEALTH AND SOCIAL SERVICES

Responsible for administration of the majority of heath and social service programs in the state, impacting virtually every Alaskan. Health programs include medical assistance for Alaska's poor through the Medicaid program, and public health programs such as nursing services, vital statistics, community health and emergency medical services, infectious disease control, the State Medical Examiner's office (coroner services), laboratories, and maternal, child and family health services. Social services programs include temporary cash assistance, Adult Public Assistance, food stamps, child protection, foster care, adoptions, child residential care, juvenile justice, mental health and developmental disabilities services, and substance abuse prevention and treatment services. The department also administers the certificate of need (CON) program for hospitals and nursing homes.

LABOR AND WORKFORCE DEVELOPMENT

The Department of Labor and Workforce Development shall foster and promote the welfare of the wage earners of the state, to improve working conditions and advance their opportunities for profitable employment. Responsible for employment security, unemployment insurance, adult basic education, job training and work readiness, workers' compensation, the Fisherman's Fund, and vocational rehabilitation programs; enforces laws and regulations dealing with occupational safety and health, mechanical inspections, and wage and hour administration; serves

as the labor relations agency for public employment in the state; and collects, analyzes, and releases labor market and population statistics

LAW

Responsible for prosecution and conviction of criminal offenders in Alaska to ensure safe communities. Assists law enforcement agencies with criminal investigations, filing misdemeanor and felony charges; serves as legal advisor to grand juries; and represents the state in all phases of criminal trial and appellate proceedings. Works in partnership with executive, legislative, and judicial agencies by providing legal advice and representing the state in all actions in which it is a party. Such actions include protecting Alaska's children and youth by handling child abuse, neglect, and delinquency cases expeditiously; resolving questions of state versus federal control of natural resources; ensuring that the state receives its correct share of oil and gas taxes and royalties; collecting money owed to the state by businesses and individuals for child support, fines and other unpaid obligations; and defending the state against claims for personal injury and other damages.

MILITARY AND VETERANS AFFAIRS

The Department of Military and Veterans Affairs (DMVA) is responsible for the Alaska Army and Air National Guard, the Alaska Naval Militia, State Defense Force, Alaska Military Youth Academy, Division of Emergency Services, and the Division of Veterans Affairs.

The Commissioner of DMVA is also the Adjutant General of the state and as such commands the Alaska National Guard. He administers federal funds for maintaining the Alaska National Guard in combat readiness in the event of a national emergency or war. The Alaska National Guard has over 4,500 personnel located in more than 74 communities. The Alaska National Guard is under the day-to-day command of the Governor and as such may be used in support of counter-narcotics operations, disaster assistance and to counter civil unrest. The Alaska Naval Militia is composed of individual U.S. Navy reservists and Marine reservists that are available to the Governor in times of emergency. Likewise, the State Defense Force, made up of individuals, some with prior military training, is available to the Governor.

The Commissioner's office also serves as the focal point for issues affecting Alaska's veteran population. It administers veterans service officer programs that outreach to individual veterans to assist them in maximizing their federal veterans entitlements.

The Alaska Military Youth Academy provides a five month military style alternative high school experience for volunteer applicants who are at risk of not achieving a productive lifestyle. During the two sessions per year, the program provides a structured education in a variety of disciplines; life coping skills, educational excellence, skills training, responsible citizenship, leadership/ability to follow, health hygiene, sex education, physical fitness, and community service. This structured educational effort is targeted to meet the goals of the program, to turn the youth into confident and contributing citizens of their state and their local communities.

The Division of Emergency Services is responsible for state emergency preparedness and response. It seeks to minimize the loss of life and property in the event of natural or man-made disasters by planning and assisting as well as administering federal and state grants and loans and managing relief efforts. It maintains the State Emergency Coordination Center in Anchorage that is the command, control and communications center for state and federal response to disasters and significant emergencies.

NATURAL RESOURCES

Responsible for the utilization , development, and conservation of the surface and subsurface natural resources belonging to the state except for fish and game. These include approximately 106 million acres of uplands and 69 million acres of tidelands, shorelands, and submerged lands and about 40,000 miles of coastline. The strategic missions include: develop, conserve, and enhance the natural resources of the State of Alaska; raise public awareness that Alaska's natural resources are the basic asset of our economy; stimulate and encourage resource-based, value-added economic activity while conserving Alaska's wild and scenic values; implement efficiencies and economies in government; deliver essential services; and stimulate local initiative and personal responsibility. Operationally, the department manages eight divisions located in 22 Alaska communities, the Joint Pipeline Office, and the Mental Health Land Trust Office and is responsible for the two largest oil and gas fields in North America; a park system that contains one-third of all the state park lands in the United States; 40 percent of the nation's fresh water; fire suppression management over 134 million acres; forest resource management in two state forests totalling 2 million acres; mineral management involving 45,000 mining claims; and an agricultural program that encompasses 560 farms.

PUBLIC SAFETY

Responsible for enforcement of state laws including criminal and fish and wildlife protection laws, fire prevention, search and rescue, highway safety; compensating victims of violent crime; providing forensic crime laboratory services to law enforcement statewide; certifying police proficiency; providing basic police academy and specialized training to municipal and state law enforcement agencies; oversight of the Village Public Safety Officer Program; and assisting victims of domestic violence and sexual assault.

REVENUE

Administer and enforce tax and charitable gaming laws; collect, invest, and manage state funds and public employee pension trust funds; administer the Permanent Fund Dividend Program, the Shared Taxes Program, and the Child Support Enforcement Program; administer licensing programs mandated by statute; issue state general obligation, revenue and lease debt, and authorize certain agency debt. Other state entities under the auspices of the Department of Revenue are: the Alaska Permanent Fund Corporation, the Alaska Housing Finance Corporation, the Alaska Municipal Bond Bank Authority, the Alaska Mental Health Trust Authority, and the Alaska State Pension Investment Board.

TRANSPORTATION AND PUBLIC FACILITIES

Responsible for the planning, research, design, construction, maintenance, operation, and protections of all state transportation systems and public facilities. This includes approximately 260 state-owned airports and seaplane bases, 6, 000 miles of state roads, 700 buildings ranging from maintenance shops to state office complexes, and 75 ports and harbors. In addition, the department owns and operates the Alaska Marine Highway System, serving 32 Alaskan communities with connections to Bellingham and Prince Rupert. The department also owns and operates the State Equipment Fleet which provides full maintenance support and replacement activities for all departments and state agencies, including 7,600 light and heavy duty vehicles and attachments.

ALASKA STATE LEGISLATURE
TWENTY-SECOND LEGISLATURE – SECOND SESSION
2002

HOUSE OF REPRESENTATIVES

NAME	PARTY	DISTRICT	NAME		PARTY	DISTRICT
Berkowitz, Ethan	(D)	13	Kerttula, Beth		(D)	3
Bunde, Con	(R)	18	Kohring, Vik		(R)	26
Chenault, Mike	(R)	9	Kookesh, Albert		(D)	5
Cissna, Sharon	(D)	21	Kott, Pete		(R)	24
Coghill, John, Jr.	(R)	32	Lancaster, Ken		(R)	8
Crawford, Harry	(D)	22	Masek, Beverly		(R)	28
Croft, Eric	(D)	15	McGuire, Lesil		(R)	17
Davies, John	(D)	29	Meyer, Kevin		(R)	19
Dyson, Fred	(R)	25	Morgan, Carl		(R)	36
Fate, Hugh "Bud"	(R)	33	Moses, Carl		(D)	40
Foster, Righard	(D)	38	Mulder, Eldon		(R)	23
Green, Joe	(R)	10	Murkowski, Lisa		(R)	14
Guess, Gretchen	(D)	16	Ogan, Scott		(R)	27
Halcro, Andrew	(R)	12	Porter, Brian	SPEAKER	(R)	20
Harris, John	(R)	35	Rokeberg, Norman		(R)	11
Hayes, Joe	(D)	30	Scalzi, Drew		(R)	7
Hudson, Bill	(R)	4	Stevens, Gary		(R)	6
James, Jeannette	(R)	34	Whitaker, Jim		(R)	31
Joule, Reggie	(D)	37	Williams, Bill		(R)	1
Kapsner, Mary	(D)	39	Wilson, Peggy		(R)	2

HOUSE FINANCE COMMITTEE

Mulder (Co-Chair)
Williams (Co-Chair)
Bunde (Vice-Chair)

Foster, Harris, Hudson, Lancaster, Whitaker, Croft, Davies, Moses

PRESIDING OFFICER

Brian Porter

SENATE

NAME	PARTY	DISTRICT	NAME	PARTY	DISTRICT
Austerman, Al	(R)	C	Leman, Loren	(R)	G
Cowdrey, John	(R)	I	Lincoln, Georgianna	(D)	R
Davis, Bettye	(D)	K	Olson, Donald	(D)	S
Donley, Dave	(R)	J	Phillips, Randy	(R)	L
Ellis, Johnny	(D)	H	Stevens, Ben	(R)	F
Elton, Kim	(D)	B	Taylor, Robin	(R)	A
Green, Lyda	(R)	N	Torgerson, John	(R)	D
Halford, Rick	(R)	M	Therriault, Gene	(R)	Q
Hoffman, Lyman	(D)	T	Ward, Jerry	(R)	E
Kelly, Pete	(R)	P	Wilken, Gary	(R)	O

SENATE FINANCE COMMITTEE

Donley (Co-Chair)
Kelly (Co-Chair)
Ward (Vice-Chair)

Austerman, Green, Leman, Wilken, Hoffman, Olson

PRESIDING OFFICER

Rick Halford

Financial Section

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ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET AND AUDIT COMMITTEE
Division of Legislative Audit

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Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
Internet e-mail address:
legaudit@legis.state.ak.us

Independent Auditor's Report

Citizens of the State of Alaska:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alaska, as of and for the year ended June 30, 2002, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Alaska's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Alaska Permanent Fund, the Fiduciary Funds – Pension and Other Employee Benefit Trust Funds and the Component Units, except for the Alaska Science and Technology Foundation and the Alaska Mental Health Trust Authority. Those financial statements reflect total assets and revenues of the government-wide financial statements and total assets and revenues or additions to the fund financial statements as follows:

Government-wide Financial Statements	Percent of Assets	Percent of Revenues
Primary Government – Governmental Activities	83%	42%
Component Units	95%	98%
Fund Financial Statements		
Governmental Funds – Alaska Permanent Fund	100%	100%
Fiduciary Funds – Pension and Other Employee Trust Funds	100%	100%
Component Units	95%	98%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units and funds, is based on the report of other auditors.

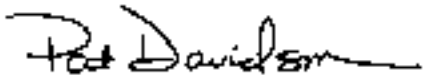
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alaska, as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the basic financial statements, the State of Alaska adopted Governmental Accounting Standards Board Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*; Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*; Statement No. 37 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and Statement No. 38 *Certain Financial Statement Note Disclosures*.

The management's discussion and analysis, budgetary comparison schedule, and the corresponding notes as listed in the foregoing table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and, accordingly, express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Alaska's basic financial statements. The introduction, combining fund statements, other supplementary information, and statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining fund statements and other supplementary information have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introduction and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Pat Davidson, CPA
Legislative Auditor

December 6, 2002

STATE OF ALASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the State of Alaska, we offer readers of the state's financial statements this narrative overview and analysis of the financial activities of the state for the fiscal year ended June 30, 2002. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found preceding this narrative on pages i-vi of this report, and the financial statements that follow.

Because the state is implementing new reporting standards for this fiscal year, as promulgated under Governmental Accounting Standards Board Statement Number 34 (GASBS 34), there are significant changes in content and structure, so much of the information is not easily compared to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the state's financial position and results of operations.

Financial Highlights

Government-wide

- The assets of the state exceeded its liabilities at the close of FY 02 by $32.1 billion (net assets). Of this amount, $3.7 billion is invested in capital assets, $22.6 billion is restricted for various purposes - of which the Alaska Permanent Fund represents $21.9 billion - and unrestricted net assets are $5.8 billion. Unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by $1.8 billion. This decrease is primarily attributable to the reduction in the value of investments held in the Alaska Permanent Fund.

Fund level

- As of the close of the current fiscal year, the state's governmental funds reported combined ending fund balances of $28.0 billion, with $1.0 billion unreserved fund balance and a fund balance reserved for specific purposes of $27.0 billion. The Alaska Permanent Fund Principal is $21.9 billion of the reserved fund balance, the Constitutional Budget Reserve Fund (CBRF, a subfund of the general fund) is $4.6 billion, with the balance reserved for education and other purposes.
- At the end of the current fiscal year, unreserved fund balance for the general fund was a deficit of $0.7 billion.

Long-term debt

- The state's total long-term debt increased by $370 million (44 percent) during the current fiscal year. The key factors in this increase are the issuance of $140.8 million in revenue bonds for the International Airport System and $126.8 million in revenue bonds for the Northern Tobacco Securitization Corporation.

Overview of the Financial Statements

The new financial statement focus is on both the state as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government) and enhance the state's accountability.

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the state's basic financial statements. The state's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements (reporting on the state as a whole)

The government-wide financial statements are designed to provide readers with a broad overview of the state's finances, in a manner similar to a private-sector business. It includes all of the state's funds and component units except for fiduciary funds. However, the primary focus of the statements is clearly on the state and the presentation allows the user to address the relative relationship with the discretely presented component units.

The statement of net assets presents information on all of the state's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets should serve as a useful indicator of whether the financial position of the state is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements report three activities:

- Governmental Activities – Most of the state's basic services are reported in this category. Governmental activities are principally supported by taxes and intergovernmental revenues. The Legislature, the Judiciary, and the general operations of the Executive departments fall within the governmental activities.
- Business-type Activities – The state charges fees to customers to help it cover all or most of the cost of certain services it provides. The state's International Airports Fund, the various loan funds, and the Unemployment Compensation fund are examples of business-type activities.
- Discretely Presented Component Units – Component units are legally separate organizations for which the state is financially accountable. The state has one university and nine corporations and authorities that are reported as discretely presented component units of the state.

The government-wide financial statements are statement numbers 1.01 and 1.02.

This report includes two statements (statement numbers 1.12 and 1.14) that reconcile the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities (accrual accounting) on the appropriate government-wide statements. The following summarizes the impact of transitioning from modified accrual to accrual accounting.

- Capital assets (land, buildings, equipment, infrastructure, and construction in progress) used in governmental activities are not reported in governmental fund statements.
- Internal service funds are reported as governmental activities in the government-wide financial statements, but are reported as proprietary funds in the fund financial statements.
- Unless due and payable in the current period, certain long-term liabilities such as capital lease obligations, compensated absences, litigation, and others only appear as liabilities in the government-wide statements.
- Capital outlay spending results in capital assets in the government-wide statements, but are reported as expenditures on the governmental fund statements.
- Bonds and note proceeds result in liabilities in the government-wide statements, but are recorded as other financing sources in the governmental fund statements.

Fund financial statements (reporting on the state's major funds)

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. However, the focus is now on "major" funds rather than fund types (the previous financial reporting model).

The fund financial statements are statement numbers 1.11 through 1.42 and provide detailed information about the major individual funds. The state has only two major funds, the general fund and the Alaska Permanent Fund, and both are included in the governmental funds' statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State of Alaska, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the state can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. We have also included the discretely presented component units in the fund financial statements and include detailed information on the three major component units, the University of Alaska, Alaska Housing Finance Corporation, and Alaska Industrial Development and Export Authority.

Governmental funds – Most of the state's basic services are reported in the governmental funds. Governmental funds include the general fund, special revenue funds, debt service funds, and permanent funds. Governmental fund financial statement focus is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating whether there are more or fewer financial resources that can be spent in the near future to finance the state's programs. These funds are reported using modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund financial statements are statement numbers 1.11 through 1.14.

As mentioned earlier, the state has only two major funds, the Alaska Permanent Fund and the general fund. Together these two funds represent 97.1 percent of total government-wide cash and investments and 86.0 percent of total government-wide net assets (excluding component units). The governmental funds financial statements present detail on each of these funds, with summarized information on all other governmental funds. In addition, detail for each of the nonmajor governmental funds is available in combining statements elsewhere in this report.

The state's main operating fund is the general fund. However, the state maintains many accounts and subfunds (created by law) within the general fund. In addition, as a result of implementing GASBS 34, several funds previously classified as other fund types have been reclassified and are now included as a part of the General Fund. Two of the most notable funds are the Constitutional Budget Reserve Fund and the Permanent Fund Dividend Fund. Because of materiality and public interest in these two funds, that had in prior years been reported separately, individual fund data for each of these subfunds is provided in the combining statement for the general fund elsewhere in this report.

Proprietary funds. When the state charges customers for the services it provides, whether to outside customers or to other state agencies, these services are generally reported in proprietary funds. Proprietary funds (enterprise and internal service) utilize accrual accounting, the same method used by private-sector businesses. Enterprise funds are used to report activities that provide supplies and services to the general public. The state uses enterprise funds to account for its international airports operations, its various loan funds, and the unemployment compensation fund. These activities are reported within business-type activities on the government-wide financial statements.

Internal service funds account for activities that provide supplies and services for other state programs. These include, among others, the state's equipment fleet and data processing/telecommunications. Because these services primarily benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements are statement numbers 1.21 through 1.23. Because none of the state's enterprise and internal service funds are considered major funds, there is a single column for each fund type on the proprietary fund financial statements. However, individual proprietary fund detail is provided in the combining statements elsewhere in this report.

Fiduciary funds. The state acts as a trustee or fiduciary for its employee pension plans. In addition, it is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The state's fiduciary activities are reported in the Statement of Fiduciary Net Assets and Statement of Changes in Fiduciary Net Assets. These funds, which include pension (and other employee benefit), private-purpose, and agency funds, are reported using accrual accounting. Since fiduciary assets are restricted in purpose and are not available to support the state's own programs, these fiduciary assets are not presented as part of the government-wide financial statements.

The fiduciary fund financial statements are statement numbers 1.31 and 1.32.

Notes to the financial statements.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following component unit statement of activities (statement number 1.42).

Additional Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules for the general fund reconciling the statutory and generally accepted accounting principles (GAAP) fund balances at fiscal year-end (statement number 2.01).

Other Supplementary Information

Other supplementary information includes combining financial statements for nonmajor governmental, proprietary, and fiduciary funds, as well as nonmajor discretely presented component units. These nonmajor funds are added together by fund type and presented in single columns in the basic financial statements, but are not reported individually on the fund financial statements. Only the major funds, the general fund and the Alaska Permanent Fund, are presented individually on the fund financial statements.

Government-wide Financial Analysis

As noted earlier, net assets should serve over time as a useful indicator of a government's financial position. State assets exceeded liabilities by $32.1 billion at the close of the most recent fiscal year (see table below). By far the largest portion of the state's net assets (73 percent) reflects its investments held in the Alaska Permanent Fund. However, the majority of these assets are not available for future spending since the principal of the fund ($21.9 billion) may not be spent.

The remainder of the state's net assets (27 percent) represents amounts invested in capital assets net of related debt ($3.7 billion), resources that are subject to external restrictions of how they may be used ($0.7 billion) and unrestricted net assets for funds other than the Alaska Permanent Fund ($4.2 billion).

Net Assets
As of June 30, 2002 (Stated in millions)

	Governmental Activities	Business-type Activities	Total Primary Government
Current and other noncurrent assets	$ 28,944	$ 1,014	$ 29,958
Capital assets	3,727	473	4,200
Total assets	32,671	1,487	34,158
Long-term liabilities	843	366	1,209
Other liabilities	798	21	819
Total liabilities	1,641	387	2,028
Net assets:			
Invested in capital assets, net of related debt	3,353	371	3,724
Restricted	22,207	417	22,624
Unrestricted	5,470	312	5,782
Total net assets	$ 31,030	$ 1,100	$ 32,130

The net assets of governmental activities decreased $1.8 billion and business-type activities increased $53 million. The decrease for governmental activities is primarily due to the decrease in Alaska Permanent Fund net assets. The increase in business-type activities is due to the increase in net assets of the International Airports, Unemployment Compensation, Alaska Clean Water, and Alaska Drinking Water funds (enterprise funds). Key elements of this increase are interest and investment income of the Unemployment Compensation fund, and capital contributions to the International Airports, Alaska Clean Water, and Alaska Drinking Water funds.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the state's net assets changed during FY 02.

Changes in Net Assets
As of June 30, 2002 (Stated in millions)

	Governmental Activities	Business-type Activities	Total Primary Government
Revenues			
Program revenues			
Charges for services	$ 1,092	$ 212	$ 1,304
Operating grants	1,112	33	1,145
Capital grants	503	36	539
General revenues			
Taxes	1,020	-	1,020
Interest & investment earnings	1,191	7	1,198
Other	(1,404)	1	(1,403)
Total revenues	3,514	289	3,803
Expenses			
General government	414	-	414
Alaska Permanent Fund Dividend	1,086	-	1,086
Education & university	1,148	-	1,148
Health & human services	1,406	-	1,406
Law & justice	119	-	119
Public protection	413	-	413
Natural resources	194	-	194
Development	127	-	127
Transportation	407	-	407
Intergovernmental	65	-	65
Debt service	17	-	17
Loans	-	17	17
Unemployment compensation	-	150	150
Airports	-	69	69
Total expenses	5,396	236	5,632
Excess (deficiency)			
Payments from component units	63	1	64
Transfers	1	(1)	-
Increase (decrease) in net assets	(1,818)	53	(1,765)
Net assets – beginning - restated	32,848	1,047	33,895
Net assets - ending	$ 31,030	$ 1,100	$ 32,130

Financial Analysis of the State's Funds

As noted earlier, the state uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the state's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the state's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the state's governmental funds reported combined ending fund balances of $28.0 billion, a decrease of $2.0 billion in comparison with the prior year. The unreserved fund balance, which is available for spending at the government's discretion, consisted of $1.6 billion in the Alaska Permanent Fund (earnings reserve account), a deficit of $0.7 billion in the general fund, and $0.1 billion for other governmental funds. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) for the Alaska Permanent Fund ($21.9 billion), 2) for the Constitutional Budget Reserve Fund ($4.6 billion), 3) to liquidate contracts and purchase orders of the prior period ($0.2 billion), or 4) for a variety of other restricted purposes ($0.3 billion).

The general fund is the chief operating fund of the state. At the end of the current fiscal year, unreserved fund balance of the general fund was a deficit of $0.7 billion, while total fund balance reached $4.1 billion. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance, which is a deficit, represents 14 percent of total general fund expenditures, while total fund balance represents 79 percent of that same amount.

The fund balance of the state's general fund decreased by $668 million during the current fiscal year. The key factor in this decrease is due to a reduction in anticipated oil revenue.

General fund revenues for FY 02 were $3.7 billion, a decrease of $403.9 million compared to revenues of $4.1 billion for FY 01 (adjusted for GASBS 34 effect). Revenues by source for FY 02 are compared to FY 01 in the following schedule (in millions):

Revenues Source	FY 02	Percent	FY 01	Percent
Taxes	$ 989.6	26.7	$ 1,329.7	32.3
Rents and Royalties	603.4	16.3	807.8	19.7
Interest and Investment Income	205.0	5.5	266.8	6.5
Federal	1,536.0	41.5	1,308.7	31.8
Miscellaneous	376.4	10.0	401.3	9.7
Total Revenue	$ 3,710.4	100.0	$ 4,114.3	100.0

As disclosed in the preceding table, the percentage of federal funding has increased significantly (almost ten percent) while taxes and rents and royalties have both decreased, indicating a general decline in oil revenue.

As a result of the changes required by GASBS 34, please note that the CBRF, which previously had been classified as an expendable trust fund, is now included as a part of the general fund. This has resulted in a significant increase in the fund balance of the general fund. However, because of the restrictions on the use of the CBRF, a reservation of fund balance is reported in the amount of $4.6 billion for CBRF nonliquid assets.

The Alaska Permanent Fund is managed by the Alaska Permanent Fund Corporation, an instrumentality of the State of Alaska.

In 1976 the Alaska Constitution was amended to provide that:

> At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the state shall be placed in a Permanent Fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for Permanent Fund investments. All income from the Permanent Fund shall be deposited in the general fund unless otherwise provided by law.

Subsequent legislation increased the Permanent Fund's share to 50 percent for rents and royalties on mineral leases issued after December 1, 1979, and for bonuses on mineral leases issued after February 15, 1980.

The Permanent Fund is made up of two parts, principal and earnings. Principal is the main body of the trust. At June 30, 2002, this amounted to $21.9 billion. The sources of Fund principal were as follows: $7.3 billion in constitutionally and statutorily dedicated oil revenues; $7.6 billion of Fund earnings added to principal for inflation-proofing; and $7.0 billion in additional deposits approved by special legislative appropriation.

Permanent Fund realized earnings, from inception through June 30, 2002, have amounted to $24.9 billion. Of this amount $11.8 billion has been paid out for dividends, $7.5 billion has been added to principal for inflation-proofing, $4.2 billion has been added to principal by special appropriations, $0.3 billion has been paid out to the general fund, and $1.1 billion remains in the Fund in the realized earnings reserve account.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was a $589 million increase in appropriations (or 7 percent) and can be briefly summarized as follows:

- $130 million for education

- $194 million allocated to health and human services function
- $158 million allocated to transportation
- The balance of $107 million allocated across several expenditure functions.

Of this increase in appropriated expenditures, $181 million was to be funded out of an increase in federal revenue, another $206 million from interagency receipts, with the balance coming from other financing sources. During the year, however, revenues were less than budgetary estimates and although expenditures were less than budgetary estimates, the state still needed to draw a total of $884 million from the CBRF in accordance with chapter 61, SLA 2001, section 93(b).

Capital Assets and Debt Administration

Capital assets. The state's investment (net of related debt) in capital assets for its governmental and business type activities as of June 30, 2002, amounts to $3.7 billion, net of accumulated depreciation (see table below). Depreciation charges for FY 02 totaled $55 million for governmental activities and $19 million for business-type activities.

Capital Assets
(net of depreciation, in millions)

	Governmental Activities	Business-type Activities	Total Primary Government
Land	$ 649	$ 28	$ 677
Buildings	657	189	846
Equipment	273	13	286
Infrastructure	232	154	386
Construction in progress	1,916	89	2,005
Total capital assets	$ 3,727	$ 473	$ 4,200

Additional information on the state's capital assets can be found in note 5 in the notes to the financial statements.

Long-term debt. At the end of the current fiscal year, the state had total bonded debt outstanding of $595 million (none of which was general obligation bonds). Of this amount, $233 million comprises revenue bonds issued by the Northern Tobacco Securitization Corporation (NTSC) that are secured by and payable solely from Tobacco Settlement Revenues (TSRs). Neither the State of Alaska, nor the Alaska Housing Finance Corporation (of which NTSC is a subsidiary) is liable for any debt issued by NTSC. The remaining $362 million are International Airports revenue bonds secured solely by specified revenue sources. The NTSC bonds are reported as governmental activities debt, and the International Airports bonds are reported as business-type activities debt.

The state's total debt increased by $370 million (44 percent) during the current fiscal year. The increase was primarily due to NTSC issuing revenue bonds to purchase the TSRs from the State of Alaska, and the International Airport System issuing revenue bonds to finance capital improvement projects.

The revenue bonds of NTSC have been rated "A" by Standard & Poor's, "A+" by Fitch, and "Aa3" by Moody's. The revenue bonds of the International Airports issued in April 2002 were rated "A", "A+", and "A1" by the three rating agencies respectively, but the state obtained insurance on the bonds resulting in a final rating of AAA.

Additional information of the state's long-term debt can be found in note 6 in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the State of Alaska at fiscal year end was 6.3 percent, which is an increase from a rate of 6.0 percent a year ago. The United States unemployment rate at fiscal year end was 6.0 percent. The state's average unemployment rate for FY 02 was 6.2 percent, which compares favorably to the average unemployment rate for FY 01 of 6.5 percent and to the five year average (1997 to 2001) of 6.8 percent. Alaska's unemployment rate for October 2002 was also 6.3 percent, as compared to a rate of 5.7 percent one year ago, and a national unemployment rate of 5.3 percent.
- The state's major source of unrestricted revenue for the general fund is petroleum related, which makes up 37.1percent of total revenue, with federal revenue making up another 41.4 percent, and the balance coming from other sources. As a result, the state's budget is structured around these two revenue sources. However, oil production continues to decline even with improved practices developed to get oil from existing wells. This has resulted in a decline in state revenue

overall. Although federal revenues are increasing, these funds are restricted for use in federal programs and will not offset the decline in petroleum revenue.

- FY 02 crude oil and natural gas liquids production for the Alaska North Slope and Cook Inlet averaged 1.003 million barrels per day, which is a 1.7 percent decrease from FY 01 production of 1.020. FY 02 production, compared to peak production of 2.049 million barrels per day in FY 88, has dropped by 51.0 percent.

The primary factors considered in preparing the state's budget for the 2003 fiscal year is the decline in oil production. With state unrestricted revenue anticipated to be less than needed for the budget, funds were appropriated from the budget reserve fund (a subfund of the general fund) to balance the FY 03 budget.

The State of Alaska FY 02 budgeted expenditures do include certain items that are unique to Alaska, such as the Alaska Permanent Fund Dividend that is paid to each qualifying Alaskan ($1,850/resident, total $1.1 billion in FY 02), state-operated Pioneer Homes, and the Longevity Bonus program.

Requests for Information

This financial report is designed to provide a general overview of the state's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the State of Alaska, Division of Finance, P.O. Box 110204, Juneau, Alaska, 99811-0204.

Basic Financial Statements

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STATE OF ALASKA **STATEMENT 1.01**
Statement of Net Assets
Government-wide
June 30, 2002
(Stated in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and Investments	$ 28,048,584	$ 444,301	$ 28,492,885	$ 1,464,409
Accounts Receivable - Net	350,514	20,769	371,283	69,142
Interest and Dividends Receivable	138,039	37,790	175,829	44,950
Internal Balances	25,190	(25,190)	0	
Due from Primary Government			0	2,612
Due from Component Units	5,154		5,154	6,241
Due from Other Governments	309,430	458	309,888	11,112
Loans, Notes, and Bonds Receivable	10,354	244,564	254,918	3,902,380
Inventories	15,623		15,623	17,903
Repossessed Property		2,738	2,738	326
Net Investment in Direct Financing Leases			0	341,711
Investments in Projects, Partnerships, or Corporations		7,682	7,682	66,784
Restricted Assets	19,287	277,359	296,646	2,358,884
Other Assets	21,422	3,906	25,328	88,386
Capital Assets:				
Equipment, Net of Depreciation	272,621	12,239	284,860	176,581
Buildings, Net of Depreciation	657,057	188,871	845,928	539,670
Infrastructure, Net of Depreciation	232,666	154,563	387,229	397,177
Land	648,831	28,414	677,245	55,267
Construction in Progress	1,915,963	88,663	2,004,626	191,910
Total Assets	32,670,735	1,487,127	34,157,862	9,735,445
LIABILITIES				
Accounts Payable and Accrued Liabilities	790,959	11,205	802,164	54,708
Due to Primary Government			0	23,612
Due to Component Units	5,623		5,623	
Due to Other Governments	339	4,871	5,210	1,861
Interest Payable	1,233	4,582	5,815	40,855
Other Current Liabilities	1	307	308	148,013
Long-term Liabilities:				
Portion Due or Payable Within One Year:				
Claims, Judgements, and Compensated Absences	139,484		139,484	295
Deferred Revenues and Advances	86,365	3,829	90,194	14,219
Notes, Bonds, and Leases Payable	41,675	6,300	47,975	148,685
Other Long-term Debt			0	1,311
Other Noncurrent Liabilities	2,999		2,999	18,880
Portion Due or Payable After One Year:				
Claims, Judgements, and Compensated Absences	84,463		84,463	
Deferred Revenues and Advances	49		49	179,149
Notes, Bonds, and Leases Payable	487,196	356,074	843,270	4,381,620
Other Long-term Debt			0	24,837
Other Noncurrent Liabilities	319	25	344	28,455
Total Liabilities	1,640,705	387,193	2,027,898	5,066,500
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	3,353,079	370,663	3,723,742	978,834
Restricted for:				
Permanent Funds				
Nonexpendable	22,136,455		22,136,455	
Expendable	17,089		17,089	
Education	5,386		5,386	428,402
Conservation, Environment, and Natural Resources	29,865		29,865	
Unemployment Compensation		223,583	223,583	
Debt Service		7,869	7,869	824,725
Other Purposes	18,306	186,157	204,463	886,378
Unrestricted	5,469,850	311,662	5,781,512	1,550,606
Total Net Assets	$ 31,030,030	$ 1,099,934	$ 32,129,964	$ 4,668,945

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA **STATEMENT 1.02**
Statement of Activities
Government-wide
For the Year Ended June 30, 2002
(Stated in Thousands)

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services, Royalties and Other Fees	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	$ 414,344	$ 16,465	$ 17,139	$ 2,753
Alaska Permanent Fund Dividend	1,086,362			
Education	939,988	2,738	102,504	644
University	208,322		62	349
Health and Human Services	1,406,064	19,329	790,882	35,021
Law and Justice	118,928	9,528	17,293	
Public Protection	413,305	93,737	53,113	7,097
Natural Resources	194,377	906,477	57,325	28,454
Development	126,427	2,829	57,543	22,961
Transportation	406,543	40,456	2,158	405,424
Intergovernmental Revenue Sharing	65,241		13,662	
Debt Service	16,564			
Total Governmental Activities	5,396,465	1,091,559	1,111,681	502,703
Business-type Activities:				
Loans	16,540	9,434	3,763	12,532
Unemployment Compensation	150,176	135,097	29,352	714
Airports	68,884	67,936	13	23,396
Total Business-type Activities	235,600	212,467	33,128	36,642
Total Primary Government	$ 5,632,065	$ 1,304,026	$ 1,144,809	$ 539,345
Component Units:				
University of Alaska	$ 503,303	$ 93,486	$ 150,817	$ 1,917
Alaska Housing Finance Corporation	359,132	229,480	39,956	6,327
Alaska Industrial Development and Export Authority	146,393	45,974	651	
Nonmajor Component Units	434,207	172,270	33,221	13,497
Total Component Units	$ 1,443,035	$ 541,210	$ 224,645	$ 21,741

General Revenues:
Taxes:
Severance Taxes
Selective Sales/Use
Income Taxes
Property Taxes
Other Taxes
Interest and Investment Earnings
Tobacco Settlement
Net Increase (Decrease) in the Fair Value of Investments
Other Revenues
Payments In from Component Units
Payments In from Primary Government
Transfers - Internal Activity
Special Items:
AHFC Closure of Mutual Health Program
Total General Revenues, State and Component Unit Payments, Transfers, and Special Items
Change in Net Assets
Net Assets - Beginning of Year
Net Assets - End of Year

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (377,987)	$	$ (377,987)	$
(1,086,362)		(1,086,362)	
(834,102)		(834,102)	
(207,911)		(207,911)	
(560,832)		(560,832)	
(92,107)		(92,107)	
(259,358)		(259,358)	
797,879		797,879	
(43,094)		(43,094)	
41,495		41,495	
(51,579)		(51,579)	
(16,564)		(16,564)	
(2,690,522)		(2,690,522)	
	9,189	9,189	
	14,987	14,987	
	22,461	22,461	
	46,637	46,637	
(2,690,522)	46,637	(2,643,885)	
			(257,083)
			(83,369)
			(99,768)
			(215,219)
			(655,439)
549,848		549,848	
139,531		139,531	
269,273		269,273	
49,641		49,641	
11,585		11,585	
1,191,155	6,449	1,197,604	128,683
134,925		134,925	
(1,562,769)		(1,562,769)	(5,906)
24,280	546	24,826	2,489
63,474	652	64,126	33,717
		0	211,228
1,539	(1,539)	0	
		0	2,035
872,482	6,108	878,590	372,246
(1,818,040)	52,745	(1,765,295)	(283,193)
32,848,070	1,047,189	33,895,259	4,952,138
$ 31,030,030	$ 1,099,934	$ 32,129,964	$ 4,668,945

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Governmental Funds Financial Statements

Major Funds

GENERAL FUND
This fund is the state's operating fund. It accounts for the financial resources and transactions not accounted for in other funds. A description of the General Fund accounts and subfunds are presented in the Combining Fund Statements.

ALASKA PERMANENT FUND
Alaska Constitution, article IX, section 15 - Administered by the Alaska Permanent Fund Corporation. The Alaska Constitution provides that at least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the state shall be placed in the Permanent Fund. Subsequent legislation increased the Permanent Fund's share to fifty percent for rents and royalties on mineral leases issued after December 1, 1979, and for bonuses on mineral leases issued after February 15, 1980.

Nonmajor Funds

PUBLIC SCHOOL TRUST FUND
Administered by the Departments of Revenue and Natural Resources. The principal consists of the July 1, 1978 balance from the public school permanent fund and one-half of one percent of the receipts derived from the management of state lands. The income from the trust is used exclusively for the support of the state public school program.

NORTHERN TOBACCO SECURITIZATION CORPORATION (NTSC) BOND REDEMPTION FUND
Administered by Alaska Housing Finance Corporation. AS 18.56.086 – Accounts for accumulation of resources for, and the payment of, principal, interest, and related costs of revenue bonds issued by NTSC.

Nonmajor governmental funds are presented by fund type in the Combining Fund Statements.

STATE OF ALASKA **STATEMENT 1.11**
Balance Sheet
Governmental Funds
June 30, 2002
(Stated in Thousands)

	General Fund	Alaska Permanent Fund	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and Investments	$ 3,214,181	$ 24,445,931	$ 376,218	$ 28,036,330
Accounts Receivable - Net	167,844	174,245	5,741	347,830
Interest and Dividends Receivable	788	136,821	407	138,016
Due from Other Funds	958,897	44,195	1,510	1,004,602
Due from Component Units	4,188		5	4,193
Due from Other Governments	307,859			307,859
Loans, Notes, and Bonds Receivable	10,308		46	10,354
Inventories	11,871			11,871
Other Assets	15,800		40	15,840
Total Assets	$ 4,691,736	$ 24,801,192	$ 383,967	$ 29,876,895
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ 425,016	$ 345,626	$ 8,858	$ 779,500
Due to Other Funds	54,252	930,353	2,764	987,369
Due to Component Units	5,623			5,623
Due to Other Governments	339			339
Deferred Revenues and Advances	86,112		302	86,414
Other Liabilities	2,999		320	3,319
Total Liabilities	574,341	1,275,979	12,244	1,862,564
Fund Balances:				
Reserved:				
Encumbrances	192,681		26,028	218,709
Nonliquid Assets	4,605,106			4,605,106
Bonds			29,452	29,452
Other Purposes	21,349	21,884,170	252,285	22,157,804
Unreserved:				
General Fund	(701,741)			(701,741)
Special Revenue Funds			46,919	46,919
Permanent Funds		1,641,043	17,039	1,658,082
Total Fund Balances	4,117,395	23,525,213	371,723	28,014,331
Total Liabilities and Fund Balances	$ 4,691,736	$ 24,801,192	$ 383,967	$ 29,876,895

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA **STATEMENT 1.12**

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2002
(Stated in Thousands)

Total Fund Balances - Governmental Funds		$ 28,014,331
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Note 5) These assets consist of:		
Land	648,831	
Buildings	631,679	
Equipment	194,044	
Infrastructure	249,285	
Construction in progress	1,915,962	
Accumulated depreciation	(41,001)	
		3,598,800
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. (See Statement 1.21)		149,492
Some of the State's rents and royalties will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are not reported in the funds.		3,171
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note 6)		
Capital lease obligations	(259,190)	
Compensated absences	(105,187)	
Claims and Judgements (net of federal reimbursement)	(114,043)	
		(478,420)
Long-term bonded debt is not due and payable in the current period and therefore is not reported in the funds. (Note 6)		
Notes and bonds payable	(260,669)	
Unamortized costs of issuance	4,447	
Accrued interest payable	(1,122)	
		(257,344)
Net Assets of Governmental Activities		$ 31,030,030

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA **STATEMENT 1.13**
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2002
(Stated in Thousands)

	General Fund	Alaska Permanent Fund	Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	$ 989,602	$	$ 30,276	$ 1,019,878
Licenses and Permits	63,459		26,590	90,049
Charges for Services	157,119		339	157,458
Fines and Forfeitures	11,712		225	11,937
Rents and Royalties	603,389	257,697	6,014	867,100
Premiums and Contributions	9,308		10,304	19,612
Interest and Investment Income	205,049	984,082	14,205	1,203,336
Net Increase (Decrease) in the Fair Value of Investments		(1,562,979)	(20,244)	(1,583,223)
Federal Grants in Aid	1,535,949		16,745	1,552,694
Nonfederal Grants and Contracts			43	43
Other Revenues	134,775		19,938	154,713
Total Revenues	3,710,362	(321,200)	104,435	3,493,597
EXPENDITURES				
Current:				
General Government	241,819	38,124	113,636	393,579
Alaska Permanent Fund Dividend	1,086,362			1,086,362
Education	932,854		40,862	973,716
University	1,644			1,644
Health and Human Services	1,399,819		4,450	1,404,269
Law and Justice	117,624		24	117,648
Public Protection	409,525		475	410,000
Natural Resources	145,705		53,327	199,032
Development	120,506		4,720	125,226
Transportation	650,677		1	650,678
Intergovernmental Revenue Sharing	65,198			65,198
Debt Service:				
Principal	9,169		7,495	16,664
Interest and Other Charges	3,447		12,431	15,878
Total Expenditures	5,184,349	38,124	237,421	5,459,894
Excess (Deficiency) of Revenues Over Expenditures	(1,473,987)	(359,324)	(132,986)	(1,966,297)
OTHER FINANCING SOURCES (USES)				
Bonds Issued	16,000		126,790	142,790
Bond Discount			(1,852)	(1,852)
Transfers In from Other Funds	947,928		13,899	961,827
Payments In from Component Units	63,474			63,474
Transfers (Out to) Other Funds	(4,935)	(930,353)	(12,622)	(947,910)
Payments (Out to) Component Units	(216,489)			(216,489)
Total Other Financing Sources and Uses	805,978	(930,353)	126,215	1,840
Net Change in Fund Balances	(668,009)	(1,289,677)	(6,771)	(1,964,457)
Fund Balances - Beginning of Year	4,785,404	24,814,890	378,494	29,978,788
Fund Balances - End of Year	$ 4,117,395	$ 23,525,213	$ 371,723	$ 28,014,331

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA **STATEMENT 1.14**

Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities

June 30, 2002

(Stated in Thousands)

Net Change in Fund Balances - Total Governmental Funds		$ (1,964,457)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period (Note 5).		
Land	13,465	
Buildings	63,014	
Equipment	(2,963)	
Infrastructure	232,666	
Construction in progress	47,028	
		353,210
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported in governmental activities in the Statement of Revenues, Expenses, and Changes in Fund Net Assets (Statement 1.22).		8,944
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.		3,171
Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
Bond proceeds	(140,938)	
Accrued interest	(753)	
Repayment of bond principal	7,495	
Payments for bond agency fees	1,571	
		(132,625)
Certain expenditures are reported in the funds. However, they either increase or decrease long-term liabilities reported on the Statement of Net Assets and have been eliminated from the Statement of Activities.		
Claims and judgements	(18,428)	
Compensated absences	1,299	
Capital lease payments	(73,154)	
Other long-term debt	4,000	
		(86,283)
Change in Net Assets of Governmental Activities		$ (1,818,040)

The notes to the financial statements are an integral part of this statement.

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Proprietary Funds Financial Statements

Individual fund statements for the Enterprise Funds and the Internal Service Funds, whose combined totals are presented on this statement, are presented in the Combining Fund Statements.

STATE OF ALASKA **STATEMENT 1.21**
Statement of Net Assets
Proprietary Funds
June 30, 2002
(Stated in Thousands)

	Enterprise Funds	Internal Service Funds
ASSETS		
Current Assets:		
Cash and Investments	$ 444,301	$ 31,541
Accounts Receivable - Net	20,769	556
Interest and Dividends Receivable	11,504	
Due from Other Funds	334	7,467
Due from Component Units		961
Due from Other Governments	458	61
Loans, Notes, and Bonds Receivable	9,996	
Inventories		3,752
Other Current Assets		1,135
Total Current Assets	487,362	45,473
Noncurrent Assets:		
Interest and Dividends Receivable	26,286	
Loans, Notes, and Bonds Receivable	234,568	
Repossessed Property	2,738	
Investment in Projects, Partnerships, or Corporations	7,682	
Restricted Assets	277,359	
Other Noncurrent Assets	3,906	
Capital Assets:		
Equipment, Net of Depreciation	12,239	86,348
Buildings, Net of Depreciation	188,871	41,990
Infrastructure, Net of Depreciation	154,563	
Land	28,414	
Construction in Progress	88,663	
Total Noncurrent Assets	1,025,289	128,338
Total Assets	1,512,651	173,811
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	11,205	11,459
Due to Other Funds	25,524	553
Due to Other Governments	4,871	
Interest Payable	4,582	88
Claims, Judgements, and Compensated Absences		3,207
Deferred Revenues and Advances	3,829	
Notes, Bonds, and Leases Payable	6,300	2,511
Other Current Liabilities	307	
Total Current Liabilities	56,618	17,818
Noncurrent Liabilities:		
Notes, Bonds, and Leases Payable	356,074	6,501
Other Noncurrent Liabilities	25	
Total Noncurrent Liabilities	356,099	6,501
Total Liabilities	412,717	24,319
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	370,663	119,325
Restricted for:		
Unemployment Compensation	223,583	
Debt Service	7,869	
Other Purposes	186,157	
Unrestricted	311,662	30,167
Total Net Assets	$ 1,099,934	$ 149,492

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA **STATEMENT 1.22**
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2002
(Stated in Thousands)

	Enterprise Funds	Internal Service Funds
OPERATING REVENUES		
Premiums and Contributions	$ 135,095	$ 47,038
Charges for Goods and Services	68,107	64,731
Interest and Investment Income	11,869	
Allowance for Uncollectible Interest	(2,692)	
Fines and Forfeitures	127	
Federal Grants in Aid	16,506	
Other Operating Revenues	685	344
Total Operating Revenues	229,697	112,113
OPERATING EXPENSES		
Benefits	150,116	41,810
Operating	52,088	54,503
Depreciation	20,011	13,972
Provision for Loan Losses and Forgiveness	10,672	2
Other Operating Expenses	206	
Total Operating Expenses	233,093	110,287
Operating Income (Loss)	(3,396)	1,826
NONOPERATING REVENUES (EXPENSES)		
Interest and Investment Income	23,048	936
Interest and Investment Expense	(1,203)	(558)
Gain (Loss) on Disposal of Capital Assets		(331)
Other Nonoperating Revenues (Expenses)	559	1,542
Total Nonoperating Revenues (Expenses)	22,404	1,589
Income Before Capital Contributions and Transfers	19,008	3,415
Capital Contributions	35,928	2,757
Payments In from Component Units	652	
Payments (Out to) Component Units	(1,304)	
Transfers In from Other Funds	761	2,772
Transfers (Out to) Other Funds	(2,300)	
Change in Net Assets	52,745	8,944
Total Net Assets - Beginning of Year	1,047,189	140,548
Total Net Assets - End of Year	$ 1,099,934	$ 149,492

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA **STATEMENT 1.23**
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2002
(Stated in Thousands)

	Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Other Governments	$ 16,529	$ 97
Receipts from Customers	67,970	62,441
Receipt of Principal from Loan Recipients	24,074	
Receipt of Interest and Fees from Loan Recipients	8,687	
Receipts from Insured	134,803	47,056
Payments to Employees	(29,383)	(21,672)
Payments to Suppliers	(15,134)	(30,039)
Payments to Loan Recipients	(24,681)	
Claims Paid	(137,902)	(51,393)
Interfund Services Used	(3,317)	
Other Receipts	96	877
Other Payments	1,008	(1,944)
Net Cash Provided (Used) by Operating Activities	42,750	5,423
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Subsidies and Transfers (Out to) Other Funds	(2,052)	
Operating Subsidies and Transfers In from Other Funds	761	2,772
Payments (Out to) Component Units	(1,107)	
Payments In from Component Units	652	
Federal Grants	12,532	
Proceeds from Issuance of Short-term Debt	2,388	
Payments on Short-term Debt	(2,388)	
Interest and Fees Paid on Borrowing	(13)	
Net Cash Provided (Used) by Noncapital Financing Activities	10,773	2,772
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Sale of Capital Assets		1,080
Acquisition and Construction of Capital Assets	(70,434)	(23,415)
Proceeds from Capital Debt	135,398	
Principal Paid on Capital Debt		(2,474)
Interest and Fees Paid on Capital Debt	(11,567)	(427)
Capital Lease Payments (and Interest)		(703)
Federal Grants	19,384	
Other Receipts (Payments)	4,632	1,356
Net Cash Provided (Used) by Capital and Related Financing Activities	77,413	(24,583)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales/Maturities of Investments	5,000	
Purchase of Investments	(4,966)	
Interest and Dividends on Investments	32,390	905
Change in Restricted Cash and Investments	(124,136)	
Net Cash Provided (Used) by Investing Activities	(91,712)	905
Net Increase (Decrease) in Cash	39,224	(15,483)
Cash and Cash Equivalents - Beginning of Year	319,776	47,024
Cash and Cash Equivalents - End of Year	$ 359,000	$ 31,541

This statement continued on next page.

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA **STATEMENT 1.23**
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2002
(Stated in Thousands)

	Enterprise Funds	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	$ (3,396)	$ 1,826
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	20,011	13,975
Other Reconciling Items	424	
Net Changes in Assets and Liabilities:		
Accounts Receivable - Net	(946)	34
Due From Other Funds	(131)	(1,137)
Due From Component Units		(442)
Due From Other Governments	160	(20)
Loans, Notes and Bonds Receivable - Net	10,540	
Interest and Dividends Receivable - Net	(1,054)	
Inventories		706
Other Assets	(752)	(481)
Due to Other Funds	12,316	543
Due to Other Governments	(548)	
Accounts Payable and Accrued Liabilities	6,114	(9,316)
Other Liabilities	12	(265)
Net Cash Provided (Used) by Operating Activities	$ 42,750	$ 5,423
Reconciliation of Cash to the Statement of Net Assets:		
Total Cash and Investments per the Statement of Net Assets	$ 444,301	$ 31,541
Less: Investments not Meeting the Definition of Cash or Cash Equivalents	(85,301)	
Cash, End of Year	$ 359,000	$ 31,541
Noncash Investing, Capital, and Financing Activities:		
Contributed Capital Assets		2,995
Interfund Asset Transfers		(238)
Transfers (Out to) Other Funds (Accrual)	(248)	

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Fiduciary Funds Financial Statements

Individual fund descriptions and financial statements are presented in the Combining Fund Statements.
Pension and Other Employee Benefit Trust Funds
Private-purpose Trust Funds
Agency Funds

STATE OF ALASKA **STATEMENT 1.31**
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2002
(Stated in Thousands)

	Pension and Other Employee Benefit Trust Funds	Private-purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents	$ 51,877	$ 1,524	$ 82,026
Investments	13,347,015		177,578
Investment Loss Trust Fund Assets	1,594		
Contributions Receivable	25,321		
Loans Receivable - Net		2,842	
Interest and Dividends Receivable		90	
Due from Other Funds	26	126	1,289
Other Assets	36		
Total Assets	13,425,869	4,582	260,893
LIABILITIES			
Accounts Payable and Accrued Liabilities	51,992	132	2,762
Trust Deposits Payable			256,249
Due to Other Funds	1,988		1,882
Total Liabilities	53,980	132	260,893
NET ASSETS			
Held in Trust for:			
Pension Benefits	8,380,899		
Postemployment Healthcare Benefits	2,906,998		
Individuals, Organizations, and Other Governments	2,083,992	4,450	
Total Net Assets	$ 13,371,889	$ 4,450	$ 0

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA **STATEMENT 1.32**
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2002
(Stated in Thousands)

	Pension and Other Employee Benefit Trust Funds	Private-purpose Trust Funds
ADDITIONS		
Premiums and Contributions:		
Employer	$ 388,426	$
Member	258,700	
Other	1,054	183
Total Premiums and Contributions	648,180	183
Investment Income:		
Net Appreciation (Depreciation) in Fair Value of Investments	(1,187,467)	
Interest	259,989	108
Dividends	168,168	
Total Investment Income	(759,310)	108
Less Investment Expense	26,104	
Net Investment Income	(785,414)	108
Transfers In from Other Funds		125
Other Additions	14	
Total Additions	(137,220)	416
DEDUCTIONS		
Benefits Paid	890,734	
Insurance Premiums	5,378	
Refunds of Premiums and Contributions	114,671	
Administrative Expenses	19,443	51
Total Deductions	1,030,226	51
Net Increase (Decrease) in Net Assets Held in Trust for:		
Pension Benefits	(796,796)	
Postemployment Healthcare Benefits	(249,411)	
Individuals, Organizations, and Other Governments	(121,239)	365
Net Assets - Beginning of the Year	14,539,335	4,085
Net Assets - End of the Year	$ 13,371,889	$ 4,450

The notes to the financial statements are an integral part of this statement.

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Component Units Financial Statements

A description of the individual Component Units is contained in the notes to the financial statements, Note 1A. Nonmajor financial statements are presented in the Combining Fund Statements.

STATE OF ALASKA **STATEMENT 1.41**
Statement of Net Assets
Component Units
June 30, 2002
(Stated in Thousands)

	University of Alaska	Alaska Housing Finance Corporation	Alaska Industrial Development and Export Authority	Nonmajor Component Units	Total
ASSETS					
Cash and Investments	$ 18,325	$ 287,414	$ 361,638	$ 797,032	$ 1,464,409
Accounts Receivable - Net	53,950			15,192	69,142
Interest and Dividends Receivable	83	25,015	6,993	12,859	44,950
Due from Primary Government	1,838	569		205	2,612
Due from Component Units	6,192	49			6,241
Due from Other Governments	832			10,280	11,112
Loans, Notes, and Bonds Receivable	5,283	3,373,640	283,980	239,477	3,902,380
Inventories	6,906			10,997	17,903
Repossessed Property				326	326
Net Investment in Direct Financing Leases		37,697	304,014		341,711
Investments in Projects, Partnerships, or Corporations			66,784		66,784
Restricted Assets	125,658	1,309,971	113,834	809,421	2,358,884
Other Assets	25,260	48,759	14,173	194	88,386
Capital Assets:					
Equipment, Net of Depreciation	108,272	849		67,460	176,581
Buildings, Net of Depreciation	451,884	55,367		32,419	539,670
Infrastructure, Net of Depreciation	13,867			383,310	397,177
Land	24,303	13,887		17,077	55,267
Construction in Progress	52,942	28,937		110,031	191,910
Total Assets	895,595	5,182,154	1,151,416	2,506,280	9,735,445
LIABILITIES					
Accounts Payable and Accrued Liabilities	24,193		1,341	29,174	54,708
Due to Primary Government		8,479	43	15,090	23,612
Due to Other Governments				1,861	1,861
Interest Payable		14,253	3,183	23,419	40,855
Other Current Liabilites	33,174	108,541	2,285	4,013	148,013
Long-term Liabilities:					
Portion Due or Payable Within One Year:					
Claims, Judgements, and Compensated Absences				295	295
Deferred Revenues and Advances				14,219	14,219
Notes, Bonds, and Leases Payable	3,903	74,370	11,530	58,882	148,685
Other Long-term Debt	1,281			30	1,311
Other Noncurrent Liabilities		16,477	2,403		18,880
Portion Due or Payable After One Year:					
Deferred Revenues and Advances	8,946			170,203	179,149
Notes, Bonds, and Leases Payable	70,025	3,193,183	322,125	796,287	4,381,620
Other Long-term Debt	13,771			11,066	24,837
Other Noncurrent Liabilities	5,670	1,041	8,917	12,827	28,455
Total Liabilities	160,963	3,416,344	351,827	1,137,366	5,066,500
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	564,771	98,408		315,655	978,834
Restricted for:					
Education	130,838			297,564	428,402
Debt Service	2,509	779,083	3,311	39,822	824,725
Other Purposes		534,926		351,452	886,378
Unrestricted	36,514	353,393	796,278	364,421	1,550,606
Total Net Assets	$ 734,632	$ 1,765,810	$ 799,589	$ 1,368,914	$ 4,668,945

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA **STATEMENT 1.42**
Statement of Activities
Component Units
For the Year Ended June 30, 2002
(Stated in Thousands)

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services, and Other Royalties	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Component Units:					
University of Alaska	$ 503,303	$ 93,486	$ 150,817	$ 1,917	$ (257,083)
Alaska Housing Finance Corporation	359,132	229,480	39,956	6,327	(83,369)
Alaska Industrial Development Export Authority and	146,393	45,974	651		(99,768)
Nonmajor Component Units	434,207	172,270	33,221	13,497	(215,219)
Total Component Units	$ 1,443,035	$ 541,210	$ 224,645	$ 21,741	(655,439)
General Revenues:					
Interest and Investment Earnings					128,683
Net Increase (Decrease) in the Fair Value of Investments					(5,906)
Other Revenues					2,489
Payments In from Component Units					33,717
Payments In from Primary Government					211,228
Special Items:					
AHFC Closure of Mutual Health Program					2,035
Total General Revenues, State and Component Unit Payments, and Special Items					372,246
Change in Net Assets					(283,193)
Net Assets - Beginning of Year					4,952,138
Net Assets - End of Year					$ 4,668,945

The notes to the financial statements are an integral part of this statement

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Notes to the Financial Statements

STATE OF ALASKA
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For the Fiscal Year Ended June 30, 2002

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Alaska have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles, which are primarily set forth in GASB's Codification of Governmental Accounting and Financial Reporting Standards.

A. THE FINANCIAL REPORTING ENTITY

The State of Alaska was admitted to the Union in 1959 and is governed by an elected governor and a sixty-member elected legislature. As required by GAAP, these financial statements present all the fund types of the state which includes all agencies, boards, commissions, authorities, courts, and colleges and universities that are legally part of the state (primary government) and its component units discussed below. Component units are legally separate entities for which the primary government is financially accountable or such that their exclusion would cause the state's financial statements to be misleading or incomplete.

The following component units are included in the accompanying financial statements. Blended component units, although legally separate entities, are, in substance, part of the state's operations and provide services entirely or almost entirely to the state. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the state. Individual component unit financial reports may also be obtained from each of these organizations.

BLENDED COMPONENT UNITS

The **Alaska Permanent Fund Corporation** (APFC) is a public corporation and government instrumentality in the Department of Revenue (AS 37.13.040). A governor-appointed six-member board manages APFC. The legislature approves APFC's budget. The purpose of APFC is to manage and invest the assets of the Alaska Permanent Fund (Fund) and other funds designated by law. The Fund is a savings device, restricted as to usage, which belongs to all the people of Alaska. It was created in 1976 when the voters approved an amendment to the state constitution. The Fund is established as an inviolate trust. This means the principal of the Fund is to be invested in perpetuity. The beneficiaries of the trust are all present and future generations of Alaskans. The Fund represents 86 percent of the total cash and investments and 73 percent of total government-wide net assets excluding discretely presented component units. The Fund is reported as a permanent fund (a governmental fund type), and APFC operations are included in the Fund statements. Separately issued financial statements may be obtained from the Alaska Permanent Fund Corporation, P.O. Box 25500, Juneau, AK 99802-5500.

The **Northern Tobacco Securitization Corporation** (NTSC) is a public corporation and government instrumentality of, but having a legal existence independent of and separate from, the State of Alaska. NTSC is a subsidiary of, but separate and apart from, the Alaska Housing Finance Corporation. The commissioners of the departments of Revenue, Health and Social Services, and Community and Economic Development, and two independent public members appointed by the governor comprise the NTSC board of directors.

The purpose of NTSC is to purchase future rights, title, and interest in Tobacco Settlement Revenues (TSRs) from the state under the Master Settlement Agreement and Final Judgement (MSA). The MSA resolved cigarette smoking-related litigation between the settling states and the participating manufacturers, released the manufacturers from past and present smoking-related claims, and provides for a continuing release of future smoking-related claims, in exchange for certain payments to be made to the settling states, as well as certain tobacco advertising and marketing restrictions among other things.

NTSC is authorized to issue bonds necessary to provide sufficient funds for carrying out its purpose. When NTSC's obligations with the bonds have been fulfilled, the TSRs revert back to the state under the residual certificate. Consideration paid by NTSC through AHFC to the state for TSRs consisted of a cash amount sent to the State of Alaska custodial trust accounts and a residual certificate assigned to the state.

The bonds of NTSC are asset-backed instruments secured solely by the TSRs and NTSC's right to receive TSRs is expected to produce funding for its obligations. The TSR payments are dependent on a variety of factors, some of which are: the financial capability of the participating manufacturers to pay TSRs; future cigarette consumption that impacts the TSR

payment; and future legal and legislative challenges against the tobacco manufacturers and the MSA providing for the TSRs. Pursuant to bond indentures, these adjustments could affect the amount of funds available to pay scheduled debt service payments.

NTSC is reported in the governmental fund types as special revenue and debt service funds. The revenue bond debt is reported in the government-wide statement of net assets in the governmental fund activities column. NTSC financial statements may be obtained from the Alaska Housing Finance Corporation, P.O. Box 101020, Anchorage, AK 99510-1020.

The **Public Employees' Retirement System** (PERS) was established by state statute (AS 39.35.010). The Commissioner of Administration is responsible for the administration of PERS. The governor appoints the majority of the PERS board. The board prescribes policies and regulations, hears appeals, and approves employers' rates. PERS costs, based upon actuarial valuations, are funded by the state, participating governmental employers, and participants. PERS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. The Alaska State Pension Investment Board (ASPIB) is the fiduciary of PERS.

The **Teachers' Retirement System** (TRS) was established by state statute (AS 14.25.010). The Commissioner of Administration appoints the administrator of TRS. The administrator is responsible for the administration of TRS in accordance with state statutes. The governor appoints the majority of the TRS board. The board prescribes policies and regulations, hears appeals, and approves employers' rates. TRS costs, based upon actuarial valuations, are funded by the state, participating governmental employers, and participants. TRS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. ASPIB is the fiduciary of TRS.

The **Judicial Retirement System** (JRS) was established by state statute (AS 22.25.048). The Commissioner of Administration is responsible for the administration of JRS. JRS costs, based upon actuarial valuations, are funded by the state and participants. JRS is reported in fiduciary fund types as a pension (and other employee benefit) trust fund. ASPIB is the fiduciary of JRS.

The **Alaska National Guard and Alaska Naval Militia Retirement System** (NGNMRS) was established by state statute (AS 26.05.222). The Commissioner of Administration is responsible for the administration of NGNMRS. NGNMRS costs, based upon actuarial valuations, are funded by the state. NGNMRS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. ASPIB is the fiduciary of NGNMRS.

The **Supplemental Benefits System** (SBS) was established by state statute (AS 39.30.150). The Commissioner of Administration is responsible for the administration of SBS. SBS is reported in the fiduciary fund types as a pension (and other employee benefit) trust funds. ASPIB is the fiduciary of SBS.

Copies of the audited financial statements for the retirement systems and for SBS may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

DISCRETELY PRESENTED COMPONENT UNITS

The **Alaska Aerospace Development Corporation** (AADC) is a public corporation of the state located for administrative purposes within the Department of Community and Economic Development (AS 14.40.821). The governor appoints the voting members of the AADC board of directors and the legislature approves AADC's budget. AADC is also affiliated with the University of Alaska but with a separate and independent legal existence. The purpose of AADC is to allow the state to take a lead role in the exploration and development of space, to enhance human and economic development, and to provide a unified direction for space-related economic growth, education and research development, and tourism related activities. AADC is also to promote the continued utilization of the Poker Flat Research Range as a launch site for launch vehicles and for scientific research. Additionally, AADC is to promote and encourage the continued utilization of Poker Flat Research Range for the University of Alaska's polar research efforts. AADC financial statements may be obtained from the Alaska Aerospace Development Corporation, 4300 B. St., Suite 101, Anchorage, AK 99503.

The **Alaska Energy Authority** (AEA) is a public corporation of the state in the Department of Community and Economic Development but with a separate and independent legal existence (AS 44.83.020). The purpose of AEA was to promote,

develop, and advance the general prosperity and economic welfare of the people of the state by providing a means of constructing, acquiring, financing, and operating power projects and facilities that recover and use waste energy.

However, chapters 18 and 19, session laws of Alaska (SLA) 1993, which became effective August 11, 1993, eliminated the ability of AEA to construct, own, and acquire energy projects, and the programs operated by AEA were transferred to the Department of Community and Regional Affairs. The corporate structure of AEA was retained but the board of directors of the Alaska Industrial Development and Export Authority (AIDEA) is now the board of directors of AEA and the Executive Director of AIDEA is also the Executive Director of AEA. It is the intent of the legislation that ongoing operation of the operating assets be assumed by the electric utility companies that use or purchase power from AEA with oversight responsibility retained by AEA.

Pursuant to legislation effective July 1, 1999, rural energy programs previously administered by the former Department of Community and Regional Affairs were transferred to AEA for administration as part of a larger reorganization of state agencies. Rural energy programs were originally part of AEA prior to the reorganization that occurred in 1993. AEA financial statements may be obtained from the Alaska Industrial Development and Export Authority, 813 W Northern Lights Blvd, Anchorage, AK 99503.

The **Alaska Housing Finance Corporation** (AHFC) is a public corporation and government instrumentality within the Department of Revenue, but having a legal existence independent of and separate from the state (AS 18.56.020). The governor appoints the board of directors of AHFC. The legislature approves AHFC's budget. AHFC assists in providing decent, safe, and sanitary housing by providing mortgage loan finance. AHFC acts as the principal source of residential financing in the state and functions as a secondary mortgage market. AHFC financial statements may be obtained from the Alaska Housing Finance Corporation, P.O. Box 101020, Anchorage, AK 99510-1020.

The **Alaska Industrial Development and Export Authority** (AIDEA) is a public corporation of the state and a political subdivision within the Department of Community and Economic Development (AS 44.88.020). The governor appoints all members of the AIDEA board of directors and the legislature approves AIDEA's budget. The purpose of AIDEA is to promote, develop, and advance the general prosperity and economic welfare of the people of Alaska; to relieve problems of unemployment; to create additional employment by providing various means of financing; and to facilitate the financing of industrial, manufacturing, export, and business enterprises within the state. AIDEA financial Statements may be obtained from the Alaska Industrial Development and Export Authority, 813 W Northern Lights Blvd, Anchorage, AK 99503.

The **Alaska Mental Health Trust Authority** (AMHTA) is established as a public corporation of the state within the Department of Revenue (AS 47.30.011). The governor appoints the AMHTA board of trustees. The legislature approves AMHTA's budget. The purpose of AMHTA is to ensure an integrated comprehensive mental health program. As provided in AS 37.17.009, AMHTA is to administer the trust established under the Alaska Mental Health Enabling Act of 1956. AMHTA financial statements are included in the Combining Fund section of this CAFR with the Nonmajor Component Units since there are no separately issued financial statements for AMHTA.

The **Alaska Municipal Bond Bank Authority** (AMBBA) is a public corporation and an instrumentality of the state within the Department of Revenue, but with a legal existence independent of and separate from the state (AS 44.85.020). The governor appoints members of the AMBBA board of directors. The legislature approves AMBBA's budget. AMBBA was created for the purpose of making available to municipalities within the state moneys to finance their capital projects or for other authorized purposes by means of issuance of bonds by AMBBA and use of proceeds from such bonds to purchase from the municipalities their general obligation and revenue bonds. AMBBA commenced operations in August 1975. AMBBA financial statements may be obtained from the Alaska Municipal Bond Bank Authority, P.O. Box 110405, Juneau, AK 99811-0405.

The **Alaska Railroad Corporation** (ARRC) is a public corporation and instrumentality of the state within the Department of Community and Economic Development (AS 42.40.010). ARRC has a legal existence independent of and separate from the state. The powers of ARRC are vested in the board of directors appointed by the governor. ARRC was created by the State of Alaska legislature to own and operate the railroad and manage its rail, industrial, port, and other properties. The ARRC commenced operations on January 6, 1985. ARRC financial statements may be obtained from the Alaska Railroad Corporation, P.O. Box 107500, Anchorage, AK 99510-7500.

The **Alaska Science and Technology Foundation** (ASTF) is established as a public corporation in the Department of Community and Economic Development (AS 37.17.010). ASTF is governed and administered by a board of directors appointed by the governor. ASTF's budget is approved by the legislature. The purpose of ASTF is to promote and enhance through basic and applied research: economic development and technological innovation in Alaska, public health, telecommunication, and sustained growth and development of Alaskan scientific and engineering capabilities. A BIDCO (AS 37.17.210) loan fund was created in ASTF in FY 95 to assist in the formation, capitalization, and operation of corporations that are licensed under AS 10.13. ASTF financial statements are included in the Combining Fund section of this CAFR with the Nonmajor Component Units since there are no separately issued financial statements for ASTF.

The **Alaska Student Loan Corporation** (ASLC) is a public corporation and government instrumentality within the Department of Education and Early Development but having a legal existence independent of and separate from the state (AS 14.42.100). ASLC is governed by a board of directors appointed by the governor. The legislature approves ASLC's budget. The purpose of ASLC is to improve higher educational opportunities for residents of the state. ASLC financial statements may be obtained from the Postsecondary Education Commission, 3030 Vintage Blvd., Juneau, AK 99801-7109.

The **University of Alaska** is established as a corporation and is an instrumentality of the state (AS 14.40.040). A board of regents appointed by the governor and confirmed by the legislature governs the university. The legislature approves the university's budget. The university is created and acts for the benefit of the state and the public in providing education in accordance with an express mandate of the constitution. The university's financial statements may be obtained from the University of Alaska, Statewide Fund Accounting, 209 B Butrovich Building, P.O. Box 756540, Fairbanks, AK 99775-6540.

The **Alaska Seafood Marketing Institute** (ASMI) is a public corporation of the state (AS 16.51.010). It is an instrumentality of the state with a legal existence independent of and separate from the state. ASMI is governed by a board of directors appointed by the governor, and its budget is approved by the legislature. The purpose of ASMI is to promote all species of seafood and their by-products harvested in Alaska for sale, and to develop market-oriented quality specifications. Exercise of the powers conferred by statute to ASMI is an essential governmental function. Although ASMI has been determined to be a component unit required to be discretely presented, it is reported in the general fund within the Department of Community and Economic Development because its financial activities, which are immaterial, are currently accounted for in the state's general fund. The ASMI fiscal year 2002 operating budget was approximately $11.3 million.

B. BASIC FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements (as well as these notes to the financial statements). The previous financial reporting model emphasized fund types (the total of all funds of a particular type), while the new financial reporting model focus is on either the state as a whole (government-wide statements), or on major individual funds (fund financial statements). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

The government-wide financial statements (statement of net assets and statement of activities) report information of all nonfiduciary activities of the state and its component units. For the most part, the effect of interfund activity has been removed from these government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Likewise, the primary government is reported separately from the component units for which the primary government is financially accountable.

The statement of net assets presents the reporting entities nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

- **Invested in capital assets, net of related debt** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

- **Restricted net assets** result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted net assets** consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often are designated to indicate that management does not consider them available for general operations (see note 1.F.). Unrestricted net assets often have constraints on resources that are imposed by management, but can be modified or removed.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, segment, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide statements. The fund financial statements are, in substance, very similar to the previous financial reporting model's financial statements. However, the new model emphasis is on major funds (of which the state has only two, the general fund and the Alaska Permanent Fund, both of which are governmental funds). All nonmajor governmental funds are summarized into a single column on the governmental funds statements. All other nonmajor funds are summarized into a single column on each of the respective funds statements: proprietary, which includes enterprise and internal service fund types; and fiduciary, which includes pension (and other employee benefit) trust funds, private-purpose trust funds, and agency funds.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resource management focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual; generally when they are both measurable and available. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to finance operations during the current year or to liquidate liabilities existing at the end of the year (collected within 60 days of fiscal year end). Major revenues that are determined to be susceptible to accrual include federal, charges for services, investment income, and petroleum related taxes and royalties.

Expenditures are recognized when a liability is incurred. However, expenditures related to debt service, compensated absences, and claims and judgements are recorded only when payment is due and payable.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The state has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are reported as nonoperating.

When both restricted and unrestricted resources are available for use, it is the state's policy to use restricted resources first, then unrestricted resources as they are needed.

D. FINANCIAL STATEMENT PRESENTATION

The State of Alaska reports two major funds, the general fund and the Alaska Permanent Fund, both of which are governmental funds. The general fund is the state's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. The Alaska Permanent Fund was created in 1976 to save a portion of the state's one-time oil wealth to produce income to benefit current and future generations. In addition, the state reports the following fund types:

GOVERNMENTAL FUND TYPES

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry. In addition to the Alaska Permanent Fund (major fund), the state has one other permanent fund, the Public School Trust Fund.

PROPRIETARY FUND TYPES

Enterprise funds are used to report any activity for which a fee is charged to external users for goods and services.

Internal service funds are used to report any activity that provides goods or services primarily to other funds or agencies of the state, rather than to the general public.

FIDUCIARY FUND TYPES

Pension (and other employee benefits) trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, and other postemployment benefit plans.

Private-purpose trust funds are used to report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments.

Agency funds are used to report resources held by the state purely in a custodial capacity (assets equal liabilities).

E. FISCAL YEAR-ENDS

All funds and discretely presented component units of the State of Alaska are reported using fiscal years which end on June 30 except the Alaska Railroad Corporation and Deferred Compensation Fund fiscal years end on December 31, and the Alaska Supplemental Benefits System fiscal year ends on January 31.

F. ASSETS, LIABILITIES, AND NET ASSETS/FUND BALANCE

CASH AND INVESTMENTS, CASH AND CASH EQUIVALENTS

The amounts shown on the statements of net assets and the balance sheets as Cash and Investments represent cash on deposit in banks, petty cash, cash invested in various short-term instruments, and other investments of the state and its component units. In accordance with GASB Statement No. 31 , investments are stated at fair value, which approximates market value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fixed income securities are valued each business day using prices obtained from a pricing service when such prices are available; otherwise, such securities are valued at the mid-point between the bid and asked price or at prices for securities of comparable maturity, quality, and type. The noninterest bearing investments are reported at cost, which approximates fair value. The Tobacco Revenue Fixed Income Agreement is reported at contract value, which approximates fair value.

The assets of the Nonretirement Domestic Equity Pool are comprised of shares in the Russell 3000 Index Common Trust Fund (Trust), a passively managed commingled index fund. The underlying securities in this Trust are valued each business day in good faith and pursuant to procedures established by the Trustee.

Domestic and international equity securities are valued each business day using prices obtained from a pricing service or prices quoted by one or more independent brokers. Equity securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates or, in the absence of a sale, at the last reported bid price.

Emerging markets securities are valued on the last business day of each month. Equity securities are valued using the last reported sale price on the exchange on which the securities are traded or, in the absence of a sale, at the last reported bid price. Fixed income securities are valued using prices obtained from a pricing service when such prices are available; otherwise, such securities are valued at the mid-point between the bid and asked price or at prices for securities of comparable maturity, quality and type. Securities for which representative market quotations are not readily available are valued in good faith under policies approved by the commingled equity fund's board of directors.

Private equity securities are valued quarterly by the general partners and investment sponsors. The private equity oversight manager is held to a standard of reasonable care in verifying that the valuations reasonably reflect the underlying fair value of the investments. Securities expressed in terms of foreign currencies are translated into U.S. dollars at the prevailing market rates. Forward currency contracts are valued at the mid-point of representative quoted bid and asked prices.

Real estate investments are valued quarterly using public market quotations, where a quoted market exists, or by independent appraisers, and are periodically adjusted by trustees of the investments when market conditions change. Mortgage loans are valued at their principal balance (cost) less an allowance for loan loss, the net result of which approximates fair value.

Investments managed by the Alaska Permanent Fund Corporation (APFC) are valued as follows: marketable securities excluding direct real estate investments, are reported at fair value. Real estate commingled funds, direct real estate investments, and direct commercial mortgages are carried at historical cost plus undistributed earnings.

Investments held by discretely presented component units are stated at fair value.

The Statement of Cash Flows for the enterprise funds shows changes in cash and cash equivalents. For the purpose of the statement of cash flows, all highly liquid debt instruments with original maturities of three months or less are considered cash and cash equivalents. In addition, because the state's Short-term Fixed Income Pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. At June 30, 2002, the assets of the pool were comprised of money market instruments, U.S. treasuries, mortgage and asset-backed securities, corporate debt and other U.S. dollar denominated bonds.

RECEIVABLES

Receivables have been established and offset with proper provisions for estimated uncollectible accounts where applicable. The amount of noncurrent receivables is included in the fund balance reserve, which indicates they do not constitute expendable available financial resources and therefore are not available for appropriation.

Practically all accounts receivable of governmental funds are due from oil companies and governmental entities, primarily the federal government, and are considered collectible. Accounts receivable in other funds have arisen in the ordinary course of business.

INTER/INTRAFUND TRANSACTIONS

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

INVENTORIES

Inventories reported for the internal service funds and the general fund consist mainly of consumable materials and supplies. Inventories are carried at cost (average cost for Highway Equipment Working Capital; FIFO for other internal service funds and the general fund), and are accounted for on the consumption method. However, the majority of materials and supplies for state agencies are accounted for as expenditures at the time of purchase. Inventory of the University of Alaska is carried at the lower of cost or market.

CAPITAL ASSETS

Capital assets are reported in the Statement of Net Assets at cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the time of donation including Statehood entitlement land that is carried at an estimated value of $1 per acre.

Capital assets are depreciated on the straight-line method over the estimated useful lives of the related assets.

Public domain infrastructure acquired during FY 02, such as highways and bridges, is capitalized for the first time. By fiscal year 2006, infrastructure acquired prior to FY 02 will be inventoried and included in total infrastructure assets.

The state possesses certain capital assets that have not been capitalized and depreciated because the assets cannot be reasonably valued and/or the assets have inexhaustible useful lives. These assets include the state's art collections, library reserve collections, and museum and historical collections. These assets are: held for public exhibition, education, or research rather than financial gain; protected, kept unencumbered, cared for, and preserved; and proceeds from the sale of collection items are used to acquire other items for collections.

Additional disclosures related to capital assets are provided in note 5.

COMPENSATED ABSENCES

Regulations governing annual/personal leave (vacation pay) provide that state employees will receive time off, or pay, for hours accumulated. Consequently, a liability exists with respect to accumulated annual/personal leave at any given time. As of June 30, 2002, this liability is recognized and reported in the government-wide and proprietary fund financial statements. The state's estimated liability for compensated absences, as reported in the statement of net assets, is $108.4 million. A liability for compensated absences is reported in the governmental funds' statements only for the current portion of accumulated unpaid annual or personal leave, which as of June 30, 2002, is reported in general fund accounts payable in the amount of $9.1 million. There is no liability in the accompanying financial statements for unpaid accumulated sick leave. See Note 12 for disclosure of the amount of the sick leave contingency.

The cost of compensated absences (annual/personal leave and sick leave) for state employees is charged against agency appropriations when leave is used rather than when leave is earned. The one exception is the payment of the accumulated annual/personal leave balance for an employee terminating from state service. That amount is charged to a terminal leave liability account rather than the individual agency appropriation. This liability account is funded by a charge to each agency's operating budget.

NET ASSETS/FUND BALANCE

The difference between fund assets and liabilities is "net assets" on the government-wide, proprietary, and fiduciary fund statements, and is "fund balance" on the governmental fund statements.

FUND BALANCE RESERVES/DESIGNATIONS

The governmental fund financial statements present reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative plans for future use of financial resources.

The following shows the composition of the fund balance of the general fund and special revenue funds for the fiscal year ending June 30, 2002 (in thousands).

Reserved	General	Special Revenue
Encumbrances	$ 192,681	$ 25,978
Nonliquid Assets	4,605,106	-
Other	21,349	-
Total Reserved	4,819,136	25,978
Unreserved		
Designated		
Continuing Appropriations	257,712	16,416
Other	1,146,385	1,541
Undesignated	(2,105,838)	28,962
Total Unreserved	(701,741)	46,919
Total Fund Balance	$ 4,117,395	$ 72,897

RESTRICTED NET ASSETS

Restricted net assets for permanent funds are required to be identified as expendable or nonexpendable. All of the Alaska Permanent Fund restricted net assets ($21,884 million) and $252 million of the Public School Trust Fund net assets are nonexpendable. The remaining $17 million (six percent) of the Public School Trust Fund restricted net assets are expendable.

NOTE 2 – BUDGETING, BUDGETARY CONTROL, AND LEGAL COMPLIANCE

Once money received is deposited in the state treasury, it may not be withdrawn from the treasury except in accordance with an appropriation made by law. Those amounts received by component units are disbursed in accordance with their particular statutory authority.

The budgetary process is used to establish a balancing of estimated revenues coming into a fund with requested appropriations for that fund. Except for capital projects funds, which prepare only project-length budgets, annual operating (and project-length) budgets are prepared for practically every fund and are submitted to the legislature for the enactment of appropriations. An appropriation is an authorization to spend money and to incur obligations. Each appropriation is limited as to purpose, time, and amount, and each of these limitations is legally binding. The legal level of budgetary control is maintained at the appropriation level as specified in the enabling legislation, which is generally at the program level within a department.

Appropriations as enacted by the legislature and signed by the governor are entered into the accounting records. The balance of an appropriation is reduced when funds are expended or encumbered. Appropriations are encumbered for anticipated expenditures in the form of purchase orders, contracts, and other obligations. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities. Unencumbered balances of annual appropriations lapse at the end of the fiscal year.

Expenditures of funds are made only upon properly approved requests for payment. The total of expenditures and encumbrances (obligations) may not exceed the appropriations to which they pertain. Transfers between appropriations are not authorized. Agencies faced with potential overexpenditure of appropriations must (1) reduce the rate of expenditures, (2) seek relief through supplemental appropriations, or (3) request necessary approvals to receive and expend additional funds. In order to provide sufficient funding for several programs during FY 02, supplemental appropriations of $360.7 million were required of which $103.1 million were appropriations from the general fund.

SPENDING LIMITS

In 1982, the voters of Alaska approved an amendment to the Alaska Constitution to control state spending. Article IX, section 16, establishes an annual appropriation limit of $2.5 billion plus adjustments for changes in population and inflation since July 1, 1981. Within this limit, one-third is reserved for capital projects and loan appropriations. For FY 02, the Office of Management and Budget estimated the limit to be approximately $6.5 billion. The FY 02 budget passed by the legislature was $2.5 billion (unrestricted general fund revenues only), or $4.0 billion less than the constitutional spending limit.

CONSTITUTIONAL BUDGET RESERVE FUND

In 1990, the voters of Alaska approved an amendment to the Alaska Constitution to establish a budget reserve fund (CBRF). Article IX, section 17, states, in part, "…Except for money deposited into the permanent fund under Section 15 of this article, all money received by the State after July 1, 1990, as a result of the termination, through settlement or otherwise, of an administrative proceeding or of litigation in a State or federal court involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property, shall be deposited in the budget reserve fund. …"

The fund was established to enhance budget stability by depositing certain monies into the budget reserve fund (where they could not be easily spent) rather than into the general fund (where they would be readily available for appropriation for expenditure). Money may be appropriated from the fund in accordance with the provisions of section 17(b) and (c). To date, the only appropriations from the fund have been made under the provisions of section 17(c), which states "An appropriation from the budget reserve fund may be made for any public purpose upon affirmative vote of three-fourths of the members of each house of the legislature."

The constitution further provides that all money appropriated from the fund must be repaid to the fund. Section 17(d) states "If an appropriation is made from the budget reserve fund, until the amount appropriated is repaid, the amount of money in the general fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund. The legislature shall implement this subsection by law."

The following is a schedule of amounts appropriated from the CBRF, and the amounts transferred back to the CBRF from the general fund as provided in section 17(d). As can be seen from this schedule, the amount appropriated and not yet repaid has grown to over $4 billion. The paragraphs following the schedule provide an explanation of the entries:

Chapter 14, SLA 1994, section 7	$ 1,006,038,474
Chapter 14, SLA 1994, section 8	49,608,135
Chapter 14, SLA 1994, section 9	368,581,990
Subtotal FY 94	1,424,228,599
Chapter 3, FSSLA 1994, section 39(c)	22,417,986
Chapter 3, FSSLA 1994, section 40	68,738,958
Chapter 3, FSSLA 1994, section 22(a)	11,250,000
Chapter 6, FSSLA 1994, section 1	130,300,000
Article IX, section 17(d) Alaska Constitution (FY 95)	(95,506,853)
Subtotal FY 95	137,200,091
Chapter 94, SLA 1995, section 43(a)	95,506,853
Chapter 94, SLA 1995, miscellaneous operating appropriation	8,356,516
Chapter 94, SLA 1995, section 43(b)	284,873,567
Article IX, section 17(d) Alaska Constitution (FY 96)	(74,352,026)
Subtotal FY 96	314,384,910

Chapter 94, SLA 1995, miscellaneous operating appropriation	8,316,412
Chapter 5, FSSLA 1996, section 1(a)	74,352,026
Article IX, section 17(d) Alaska Constitution (FY 97)	(166,019,445)
Subtotal FY 97	(83,351,007)
Chapter 98, SLA 1997, section 35(a)	166,019,445
Chapter 98, SLA 1997, page 47, line 3	529,258
Chapter 98, SLA 1997, section 35(b)	423,319,190
Article IX, section 17(d) Alaska Constitution (FY 98)	(89,264,067)
Subtotal FY 98	500,603,826
Chapter 139, SLA 1998, section 42(a)	89,264,067
Chapter 2, SLA 1999, section 16(c)	446,949
Chapter 27, SLA 1999, section 2(a), Y2K appropriations	2,336,290
Chapter 2, FSSLA 1999, section 21(a)	1,042,014,840
Article IX, section 17(d) Alaska Constitution (FY 99)	(94,632,453)
Subtotal FY 99	1,039,429,693
Chapter 2, SLA 1999, section 16(c)	13,051
Chapter 27, SLA 1999, section 2(a), Y2K appropriations	5,594,185
Chapter 84, SLA 1999, section 35(a)	94,632,453
Chapter 2, FSSLA 1999, section 21(b)	295,898,497
Chapter 8, SLA 2000, section 8(a)	3,227,666
Chapter 75, SLA 2000, section 1(b)	100,000,000
Article IX, section 17(d) Alaska Constitution (FY 00)	(111,438,806)
Subtotal FY 00	387,927,046
Chapter 133, SLA 2000, section 11(a)	111,438,806
Chapter 75, SLA 2000, section 1(c)	500,000
Chapter 135, SLA 2000, section 18(c)	121,672
Article IX, section 17(d) Alaska Constitution (FY 01)	(115,416,319)
Subtotal FY 01	(3,355,841)
Chapter 61, SLA 2001, section 93(a)	101,947,305
Chapter 61, SLA 2001, section 93(b)	884,311,765
Chapter 61, SLA 2001, section 93(c)	125,000
Article IX, section 17(d) Alaska Constitution (FY 02)	(130,695,249)
Subtotal FY 02	855,688,821
Total appropriated from the CBRF	$ 4,572,756,138

The amounts appropriated in chapter 14, SLA 1994, sections 7 and 8 are equal to the amounts appropriated from the general fund to the CBRF to comply with court orders. In FY 91 through FY 94, the state deposited revenue into the general fund that several parties contended should have been deposited into the CBRF. The Alaska Superior Court and Supreme Court agreed that these moneys should have been deposited in the CBRF and the state was ordered to restore the CBRF, including interest earnings, retroactive to July 1, 1990. Chapter 14, SLA 1994, was enacted into law to comply with the courts' orders and sections 2, 3, and 4 of the law appropriated $1,006,038,474, plus $49,608,135 in interest which would have been earned on the money after June 30, 1990, from the general fund to the CBRF effective April 15, 1994.

Chapter 14, SLA 1994, section 9, chapter 3 FSSLA 1994, section 39(c), chapter 94 SLA 1995, section 43(b), chapter 98 SLA 1997, section 35(b), chapter 2 FSSLA 1999, section 21(a) and (b), and chapter 61 SLA 2001, section 93(b) appropriated additional amounts from the CBRF to the general fund to fund any shortfalls between state revenue and general fund appropriations for fiscal years 1994, 1995, 1996, 1998, 1999, 2000, and 2002 respectively.

Chapter 3, FSSLA 1994, section 40, appropriated an amount to cover the share of the state's actual expenditures for oil and gas litigation from July 1, 1990, through February 15, 1994, that is attributable to the CBRF. The appropriation in section 22(a) of chapter 3 was to cover costs related to legal proceedings and audit activity involving oil and gas revenue due or paid to the state or state title to oil and gas land, for the fiscal year ending June 30, 1995.

Chapter 6, FSSLA 1994, section 1, was passed by the Alaska legislature to resolve the long-standing issue of reconstitution of the Alaska Mental Health Trust (AMHT). CBRF funds were appropriated to capitalize the AMHT.

This schedule shows the effect of article IX, section 17(d), of the Alaska Constitution, which provides that the amount of money in the general fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund until the amount appropriated is repaid. As of June 30, 1995, 1996, 1997, 1998, 1999, 2000, 2001, and 2002, amounts in various subfunds and accounts of the general fund that were identified as available for appropriation were used to repay a part of the liability to the CBRF. The amounts for FY 95, FY 96, FY 97, FY 98, FY 99, FY 00, and FY 01 were transferred to the CBRF during FY 96, FY 97, FY 98, FY 99, FY 00, FY 01, and FY 02 respectively. The amount for FY 02 will be transferred to the CBRF during FY 03.

The amounts transferred under article IX, section 17(d), were appropriated back to the funds from which transferred under chapter 94, SLA 1995, section 43(a) for FY 95, chapter 5, FSSLA 1996, section 1(a) for FY 96, chapter 98, SLA 1997, section 35(a) for FY 97, chapter 139, SLA 1998, section 42(a) for FY 98, chapter 84, SLA 1999, section 35(a) for FY 99, chapter 133, SLA 2000, section 11(a) for FY 00, and chapter 61, SLA 2001, section 93(a) for FY 01.

Chapter 94, SLA 1995, appropriated amounts from the CBRF to fund miscellaneous operating appropriations.

Chapter 98, SLA 1997, Page 47, line 3, chapter 2, SLA 1999, section 16(c), chapter 135, SLA 2000, section 18(c) and chapter 61, SLA 2001, section 93(c) appropriated amounts from the CBRF for treasury management of CBRF investments in FY 98, FY 99, FY 01, and FY 02 respectively.

Chapter 27, SLA 1999, section 2(a) appropriated funds from the CBRF for year 2000 (Y2K) assessment, compliance, and remediation projects.

Chapter 8, SLA 2000, section 8(a), repealed and reappropriated the unexpended and unobligated balances of the CBRF appropriations made in section 2(a), chapter 27, SLA 1999, page 2, line 3, page 3, line 31, page 4, line 17, and page 4, line 20, to the longevity bonus grant program.

Chapter 75, SLA 2000, section 1(b), appropriated funds from the CBRF to the power cost equalization endowment fund, which is within the Alaska Energy Authority. Chapter 75, SLA 2000, section 1(c), also appropriated funds from the CBRF to the Alaska Energy Authority to cover the costs of completing the sale of the four dam pool hydroelectric project and of establishing and managing the power cost equalization endowment fund for FY 01.

NOTE 3 – ACCOUNTING CHANGES AND BEGINNING FUND BALANCE/NET ASSETS ADJUSTMENTS

In 1999, GASB issued Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments and Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities. These statements establish new financial reporting requirements for state and local governments and public colleges and universities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The state is required to implement these standards for the fiscal year ending June 30, 2002. With the implementation of GASB Statements No. 34 and 35, the state has prepared required supplementary information titled Management's Discussion and Analysis which precedes the basic financial statements.

Other GASB statements are required to be implemented in conjunction with GASB Statements No. 34 and 35. Therefore, the state has implemented the following GASB statements in the current fiscal year: Statement No. 36 – Recipient Reporting for Certain Shared Nonexchange Revenues, Statement No. 37 – Basic Financial Statements – and Management's Discussion and

Analysis – for State and Local Governments: Omnibus, and Statement No. 38 – Certain Financial Statement Note Disclosures.

The following table summarizes changes to fund balance/net assets as previously reported to beginning fund balance/net assets, as restated, to include the adoption of the new GASB pronouncements (stated in thousands).

	June 30, 2001 As Previously Reported	Fund Reclassification	Prior Period Adjustments	June 30, 2001 As Restated
GOVERNMENTAL FUNDS & ACTIVITIES				
Major Funds				
General Fund	$ (3,175,864)	$ -	$ (1,214)	$ (3,177,078)
Subfunds of the General Fund reclassified:				
Fishermen's	-	(1,697)	-	(1,697)
Second Injury	-	(11,448)	-	(11,448)
Previously reported as special revenue:				
Disaster Relief	-	9,670	-	9,670
State Land Reforestation	-	-	-	-
Training and Building	-	42	-	42
Previously reported as expendable trust:				
Budget Reserve – Constitutional	-	6,827,171	-	6,827,171
Permanent Fund Dividend	-	1,129,304	-	1,129,304
Previously reported as nonexpendable trust:				
Alaska Children's Trust	-	9,440	-	9,440
Total General Fund	(3,175,864)	7,962,482	(1,214)	4,785,404
Permanent Funds				
Previously reported as nonexpendable trust:				
Alaska Permanent Fund	-	24,814,890	-	24,814,890
Total Permanent Funds	-	24,814,890	-	24,814,890
Total Major Funds	(3,175,864)	32,777,372	(1,214)	29,600,294
Nonmajor Funds				
Special Revenue Funds				
Disaster Relief	9,670	(9,670)	-	-
Clean Air Protection	240	-	-	240
Fish and Game	11,129	-	63	11,192
National Petroleum Reserve	26,947	-	-	26,947
Northern Tobacco Securitization Corporation	298	-	-	298
Reclamation Bonding Pool	623	-	-	623
School	4,159	-	-	4,159
State Land Reforestation	-	-	-	-
Training and Building	42	(42)	-	-
Previously reported within the General Fund:				
Fishermen's	-	1,697	-	1,697
Second Injury	-	11,448	-	11,448
Previously reported as expendable trust:				
Alyeska Settlement Trust	-	7,245	-	7,245
Exxon Valdez Oil Spill Restoration	-	5,476	-	5,476
Exxon Valdez Settlement Trust	-	7,677	-	7,677
Total Special Revenue Funds	53,108	23,831	63	77,002

	June 30, 2001 As Previously Reported	Fund Reclassification	Prior Period Adjustments	June 30, 2001 As Restated
Debt Service Funds				
Debt Service	-	-	-	-
Northern Tobacco Securitization Corporation	15,406	-	-	15,406
Total Debt Service Funds	15,406	-	-	15,406
Permanent Funds				
Previously reported as nonexpendable trust				
Public School Trust	-	286,086	-	286,086
Total Permanent Funds	-	286,086	-	286,086
Total Nonmajor Funds	68,514	309,917	63	378,494
Total Governmental Funds	(3,107,350)	33,087,289	(1,151)	29,978,788
ADOPTION OF GASB STATEMENT NO. 34				
Capital assets, net of depreciation	-	2,705,090	540,500	3,245,590
Long-term bonds and notes payable	-		(241,911)	(241,911)
Other liabilities and long-term obligations	-		(274,945)	(274,945)
Internal Service Fund Conversion	-	131,275	9,273	140,548
Total Adoption of GASB Statement No. 34	-	2,836,365	32,917	2,869,282
TOTAL GOVERNMENTAL FUNDS & ACTIVITIES	$ (3,107,350)	$ 35,923,654	$ 31,766	$ 32,848,070
PROPRIETARY FUNDS & BUSINESS-TYPE ACTIVITIES				
Enterprise Funds				
Commercial Assistance Enterprise Funds	$ 209,995	$ -	$ (1,758)	$ 208,237
Energy Assistance Enterprise Funds	581	-	-	581
Other Agencies Enterprise Funds	628,908	-	153	629,061
Previously reported as expendable trust:				
Unemployment Compensation	-	209,310	-	209,310
Total Enterprise Funds	839,484	209,310	(1,605)	1,047,189
Internal Service Funds				
Alaska Public Building	33,678	(33,678)	-	-
Correctional Industries	2,002	(2,002)	-	-
Group Health and Life Benefits	959	(959)	-	-
Highways Equipment Working Capital	74,870	(74,870)	-	-
Information Services	19,766	(19,766)	-	-
Retiree Health and Life Benefits	77,448	(77,448)	-	-
Total Internal Service Funds	208,723	(208,723)	-	-
TOTAL PROPRIETARY FUNDS & BUSINESS-TYPE ACTIVITIES	$ 1,048,207	$ 587	$ (1,605)	$ 1,047,189

	June 30, 2001 As Previously Reported	Fund Reclassification	Prior Period Adjustments	June 30, 2001 As Restated
FIDUCIARY FUNDS				
Agency Funds				
Previously reported as expendable trust:				
Public Advocacy Trust	$ -	$ 6,082	$ -	$ 6,082
Total Agency Funds	-	6,082	-	6,082
Pension (and other employee benefits) Trust				
Funds	14,056,300	-	-	14,056,300
Previously reported as internal service fund:				
Retiree Health and Life Benefits	-	77,448	-	77,448
Previously reported as expendable trust:				
Deferred Compensation	-	405,587	-	405,587
Investment Loss Trust	-	-	-	-
Total Pension (and other employee benefits) Trust Funds	14,056,300	483,035	-	14,539,335
Private-purpose Trust Fund				
Previously reported as expendable trust:				
Memorial Scholarship Revolving Loan	-	4,085	-	4,085
Total Private-purpose Trust Fund	-	4,085	-	4,085
Previously reported as expendable trust funds:				
Alyeska Settlement Trust	7,245	(7,245)	-	-
Budget Reserve- Constitutional	6,827,171	(6,827,171)	-	-
Deferred Compensation	405,587	(405,587)	-	-
Exxon Valdez Oil Spill Restoration	5,476	(5,476)	-	-
Exxon Valdez Settlement Trust	7,677	(7,677)	-	-
Investment Loss Trust	-	-	-	-
Memorial Scholarship Revolving Loan	4,085	(4,085)	-	-
Permanent Fund Dividend	1,129,304	(1,129,304)	-	-
Public Advocacy Trust	6,082	(6,082)	-	-
Unemployment Compensation	209,310	(209,310)	-	-
Total Expendable Trust Funds	8,601,937	(8,601,937)	-	-
Previously reported as nonexpendable trust:				
Alaska Children's Trust	9,440	(9,440)	-	-
Alaska Permanent Fund	24,814,890	(24,814,890)	-	-
Public School Trust	286,086	(286,086)	-	-
Total Nonexpendable Trust Funds	25,110,416	(25,110,416)	-	-
TOTAL FIDUCIARY FUNDS	$ 47,768,653	$(33,219,151)	$ -	$ 14,549,502
ACCOUNT GROUPS				
General Fixed Assets	$ 2,705,090	$ (2,705,090)	$ -	$ -
General Long-term Debt	-	-	-	-
TOTAL ACCOUNT GROUPS	$ 2,705,090	$ (2,705,090)	$ -	$ -
TOTAL PRIMARY GOVERNMENT	$ 48,414,600	$ -	$ 30,161	$ 48,444,761

	June 30, 2001 As Previously Reported	Fund Reclassification	Prior Period Adjustments	June 30, 2001 As Restated
DISCRETELY PRESENTED COMPONENT UNITS				
Alaska Aerospace Development Corporation	$ 39,167	$ -	$ -	$ 39,167
Alaska Energy Authority	637,277	-	(1)	637,276
Alaska Housing Finance Corporation	1,773,677	-	-	1,773,677
Alaska Industrial Development & Export Auth.	882,261	-	(11,192)	871,069
Alaska Mental Health Trust Authority	333,648	-	(127)	333,521
Alaska Municipal Bond Bank Authority	37,456	-	-	37,456
Alaska Railroad Corporation	107,133	-	-	107,133
Alaska Science and Technology Foundation	113,329	-	-	113,329
Alaska Student Loan Corporation	292,406	-	-	292,406
University of Alaska	1,068,990	-	(321,886)	747,104
TOTAL DISCRETELY PRESENTED COMPONENT UNITS	$ 5,285,344	$ -	$ (333,206)	$ 4,952,138

NOTE 4 – DEPOSITS AND INVESTMENTS

GASB Statement No. 3 requires a disclosure regarding custodial credit risk to indicate the chance of loss in the event a financial institution or third party holding the deposits or securities fails. Deposits and those investments represented by specific, identifiable securities are classified into three categories of credit risk: Category 1 - Insured or registered, or securities held by the state or its custodian in the state's name; Category 2 - Uninsured or unregistered, with securities held by the counterparty's trust department or agent in the state's name; and Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the state's name. Category 1 is the highest level of safekeeping security as defined by GASB.

A. DEPOSITS AND INVESTMENTS UNDER THE CONTROL OF THE COMMISSIONER OF REVENUE

By law, all deposits and investments are under the control of the Commissioner of the Department of Revenue (Commissioner) except where the legislature has delegated that responsibility to other individuals or boards responsible for separate subdivisions or component units of the state. Those agencies and component units that manage their own cash and investments are: Alaska Permanent Fund Corporation, Alaska Energy Authority, Alaska Housing Finance Corporation, Alaska Industrial Development and Export Authority, Alaska Municipal Bond Bank Authority, Alaska Railroad Corporation, Alaska Mental Health Trust Authority, Alaska Science and Technology Foundation, Alaska Student Loan Corporation, and the University of Alaska.

Invested assets under the fiduciary responsibility of the Commissioner are comprised of the General Fund and Other Nonsegregated Investments, Constitutional Budget Reserve Fund, International Airports Fund, Retiree Health and Life Benefits Fund, Power Cost Equalization Endowment Fund as well as the Public School, Alaska Children's, Investment Loss, and Supplemental Benefits System (SBS) trust funds (all collectively, Funds).

As the fiduciary, the Commissioner has the statutory authority (AS 37.10.070 - 37.10.071) to invest the assets under the Prudent Investor Rule which requires that investments shall be made with the judgement and care under circumstances then prevailing that an institutional investor of ordinary professional prudence, discretion, and intelligence exercises in managing large investment portfolios. Where possible, securities are managed in a pooled environment, unless required by statute or bond resolution to be held separately.

Certain types of investments are not subject to the custodial credit risk disclosure requirements in GASB Statement No. 3. The Short-term Fixed Income Pool, the Broad Market Fixed Income Pool, and the SOA International Equity Pool contain assets of other participants outside the control of the Commissioner of Revenue and, as such, cannot be categorized into one of the three risk categories because the amounts reported represent interests in the pool rather than ownership of specific,

identifiable securities. The Nonretirement Domestic Equity Pool is an open-ended mutual fund-like pool and is therefore not categorized with regard to credit risk. The tobacco revenue fixed income agreement is not a transferable financial instrument (security) and therefore is not categorized with regard to credit risk.

Deposits and investments at June 30, 2002, are summarized as follows (in thousands):

DEPOSITS	Category 1	Category 2	Category 3	Fair Value
Noninterest bearing investments	$ 17,676	$ -	$ 7,862	$ 25,538

INVESTMENTS	Category 1	Category 2	Category 3	Fair Value
Intermediate-term fixed income pool	$ 2,110,564	$ -	$ -	$ 2,110,564
Total categorized investments	$ 2,110,564	$ -	$ -	2,110,564
Not Categorized:				
Short-term fixed income pool				879,230
Broad market fixed income pool				950,270
SOA international equity pool				100,862
Nonretirement domestic equity pool				332,002
Tobacco revenue fixed income agreement				100,457
Total				$ 4,473,385

Additional investment information on the various pools and investments, as well as the Funds, may be obtained from the Department of Revenue, Treasury Division, P.O. Box 110405, Juneau, Alaska 99811-0405.

B. DEPOSITS AND INVESTMENTS UNDER CONTROL OF THE ALASKA STATE PENSION INVESTMENT BOARD

Invested assets of the pension (and other employee benefit) trust funds (Public Employees', Teachers', Judicial, and the Alaska National Guard and Naval Militia Retirement Systems) as well as the Supplemental Benefits System and Deferred Compensation Plans are under the fiduciary responsibility of the Alaska State Pension Investment Board (ASPIB).

PENSION FUNDS

ASPIB has statutory responsibility for the pension (and other employee benefit) trust funds' investments and the authority to invest the funds' moneys. As the fiduciary, ASPIB has the statutory authority to invest the assets under the Prudent Investor Rule. Alaska Statute provides that investments shall be made with the judgement and care under circumstances then prevailing that an institutional investor of ordinary professional prudence, discretion, and intelligence exercises in managing large investment portfolios. Actual investing is performed by investment officers in the Department of Revenue, Treasury Division or by contracted external investment managers. Specifically, external management companies manage the Retirement Fixed Income Pool, External Domestic Fixed Income Pool, International Fixed Income Pool, Domestic Equity Pool, International Equity Pool, Emerging Markets Equity Pool, Real Estate Pool, and Private Equity Pool investments. In addition to acting as oversight manager for all externally managed investments, Treasury Division staff manage all mortgage-related assets and cash holdings of certain external domestic equity managers.

Unless required by statute or bond resolution to be held separately, investments are managed in a pooled environment. Investments are recorded at fair value as defined by GASB Statement No. 31, except for mortgage-related assets, which are valued at their principal balance (cost) less an allowance for loan loss, the result of which approximates fair value.

The funds' investments other than mortgage-related assets are represented by participation in investment pools rather than specific, identifiable securities. Although pooled investments represent the funds' share of ownership in the pool rather than ownership of specific securities, all of the underlying securities in the pools are considered to be Category 1 as defined by GASB Statement No. 3, except: those in the Emerging Markets Equity Pool which are considered to be Category 2, and shares in the Private Equity Pool and the Real Estate Equity Pool which, like the funds' mortgage-related assets, are not transferable financial instruments and therefore cannot be categorized with regard to custodial credit risk.

At June 30, 2002, the pension funds' investments are classified as follows (in thousands):

INVESTMENTS	Category 1	Category 2	Category 3	Fair Value
Marketable debt securities:				
U.S. Government and municipal debt	$ 644,352	$ -	$ -	$ 644,352
Federal agency debt	218,283	-	-	218,283
Corporate debt	921,688	-	-	921,688
Yankees	47,635	-	-	47,635
Asset-backed securities	230,712	-	-	230,712
Mortgage-backed securities	1,287,184	-	-	1,287,184
International fixed income	360,968	-	-	360,968
Equity securities:				
Domestic equities	4,028,446	-	-	4,028,446
Emerging market equities	-	108,060	-	108,060
International equities	1,801,395	-	-	1,801,395
Total categorized investments	$ 9,540,663	$ 108,060	$ -	9,648,723
Not categorized				
Cash and cash equivalents				305,981
Private equity pool				292,883
Real estate equity pool				869,358
Mortgage-related assets				152
Interest and dividends receivable				53,387
Total				$ 11,170,484

Participant's Ownership in Pooled Investments	
Public Employees' Trust Fund	$ 7,410,166
Teachers' Trust Fund	3,684,378
Judicial Trust Fund	63,712
Alaska National Guard and Alaska Naval Militia Retirement Fund	12,228
Total	$ 11,170,484

Additional investment information on the assets of the retirement systems may be obtained from the Department of Revenue, Treasury Division, P.O. Box 110405, Juneau, AK 99811-0405.

DEFERRED COMPENSATION

The state's Internal Revenue Code section 457 deferred compensation plan holds investments in an interest income fund and several collective investment funds: the International Equity Fund, Citizens Core Growth Fund, Small Cap Stock Fund, S&P 500 Index Fund, Tactical Asset Allocation Fund, Global Balanced Fund, Government/Corporate Bond Fund, and the Intermediate Bond Index Fund. As of December 31, 2001, the fair value of deferred compensation plan investments under the control of ASPIB totaled $381.7 million (total investments including amounts invested by others was $385.9 million).

The interest income fund is increased by contributions and earnings, and decreased by investment expenses and participant withdrawals paid to terminated members. The interest income fund holds fully benefit responsive investment contracts ($111.2 million) and shares in a short-term investment fund ($8.0 million) comprised of cash and cash equivalents. The investment contracts are stated at contract values, which approximate fair value. The investment contracts cannot be categorized into one of the three risk categories because they do not represent transferable financial instruments. Residual cash is held by the custodian in a short-term investment fund in the state's name. Assets in the short-term investment fund are comprised of short-term debt instruments with maturities not to exceed 13 months and are valued at fair value. The short-term investment fund is a commingled investment fund and, as, such, cannot be categorized into one of the three risk categories because the amounts reported represent interests in the fund rather than ownership of specific, identifiable securities.

Investments in collective investment funds ($262.5 million), held in trust, are stated at fair value based on the unit value as reported by the trustees multiplied by the number of units held. The unit value is determined by the trustees based on the fair market value of the underlying assets. Purchases and sales of assets within the collective investment funds are recorded on a trade-date basis. Investments in collective investment funds cannot be categorized into one of the three risk categories because they represent interests (shares) in funds rather than ownership of specific, identifiable securities.

SUPPLEMENTAL BENEFITS SYSTEM

Supplemental Benefits System (SBS) holds shares in the following participant-directed investment options: Alaska Balanced Fund, Alaska Target 2005 Fund, Alaska Target 2010 Fund, Alaska Target 2015 Fund, Alaska Target 2020 Fund, Long-term Balanced Fund, Small Cap Stock Fund, International Equity Fund, S&P 500 Stock Index Fund, Tactical Asset Allocation Fund, Global Balanced Fund, Daily Government/Corporate Bond Fund, Citizens Core Growth Fund, and the Short-term Investment Fund. SBS also holds shares in the State of Alaska Short-term Fixed income Pool. At January 31, 2002, SBS investments totaled $1.69 billion (fair value). All assets are held in trust.

SBS investments in the Alaska Balanced and the four Target 2000-series investment options are formed through combinations of six wholly-owned pooled investment funds: the GNMA (fixed income) Pool, Government/Corporate (fixed income) Pool, Cash Pool, Large Cap Equity Pool, Small Cap Equity Pool, and the International Equity Pool. Purchases and sales of underlying securities within the six investment pools are recorded on a trade-date basis, and all assets are recorded at fair value. The state's custodian bank holds the underlying securities in the state's name. Each pool's residual cash is held in the Short-term Investment Fund, a commingled investment fund.

SBS investments in the S&P 500 Stock Index Fund, Tactical Asset Allocation Fund, Global Balanced Fund, Daily Government/Corporate Bond Fund, Short-term Investment Fund, Citizens Core Growth Fund, Long-term Balanced Fund, Small Cap Stock Fund, International Equity Fund, and the State of Alaska Short-term Fixed Income Pool are represented by shares in collective investment funds. All assets are stated at fair value based on the unit value as reported by the trustees multiplied by the number of units held by each of the respective collective investment funds. Unit value is determined by the trustees based on the fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis.

Investments in pooled investment funds and collective investment funds cannot be categorized into one of the three risk categories because they represent interests (shares) in pools/funds rather than ownership of specific, identifiable securities.

C. DEPOSITS AND INVESTMENTS MAINTAINED BY COMPONENT UNITS WHOSE ACCOUNTS ARE OUTSIDE OF THE STATE TREASURY

ALASKA PERMANENT FUND CORPORATION

All Alaska Permanent Fund Corporation deposits and investments are classified in GASB Statement No. 3 risk category 1, the lowest risk category, except as noted.

CASH AND TEMPORARY INVESTMENTS

All cash and temporary investments bear interest at competitive rates, and are summarized as follows at June 30, 2002 (in thousands):

Cash (a)	$ 60,241
U.S. agencies (b)	94,657
Treasury bills (b)	130,516
Commercial paper (c)	329,583
Total	$ 614,997

(a) Share ownership in a money market fund, payable on demand. Collateralized by underlying securities held by the Fund in the name of the custodian.
(b) Debt obligation guaranteed by the U.S. government held by the custodian in the name of the Fund.
(c) Commercial paper rated investment grade, held by the custodian in the name of the Fund.

MARKETABLE DEBT SECURITIES

The Corporation is authorized by statute to invest Fund assets in (i) corporate bonds rated investment grade, (ii) obligations of the U.S. Treasury, its agencies and instrumentalities, and (iii) foreign obligations of comparable quality. All marketable debt securities are held by custodian banks in the name of the Fund. Marketable debt securities at June 30, 2002, are summarized as follows (in thousands):

	Cost	Market	Unrealized Gains/(Losses)
Treasury notes/bonds	$ 2,321,949	$ 2,348,416	$ 26,467
Mortgage-backed securities	2,783,112	2,848,395	65,283
Other federal agencies	874,940	916,058	41,118
Corporate bonds	2,354,458	2,395,091	40,633
Nondomestic bonds	601,132	652,043	50,911
Total	$ 8,935,591	$ 9,160,003	$ 224,412

PREFERRED AND COMMON STOCK

The Corporation is authorized by statute to invest Fund assets in the preferred and common stock of United States and nondomestic corporations. All preferred and common stock investments are held by custodian banks in the name of the Fund.

The Corporation may invest Fund assets in (i) equity securities up to 55% of total Fund investments, and (ii) other investments, which meet the test of prudence, including those currently authorized by law, up to 5% of total Fund investments.

Preferred and common stock at June 30, 2002, are summarized as follows (in thousands):

	Cost	Market	Unrealized Gains/(Losses)
Domestic	$ 8,017,837	$ 8,268,628	$ 250,791
Nondomestic bonds	3,904,855	3,783,388	(121,467)
Total	$ 11,922,692	$ 12,052,016	$ 129,324

ALASKA CERTIFICATES OF DEPOSIT

The Corporation is authorized by statute to invest Fund assets in certificates of deposit or the equivalent instruments of banks, savings and loan associations, mutual savings banks, and credit unions doing business in Alaska. Collateral, primarily in the form of U.S. government securities, or letters of credit from the Federal Home Loan Bank, secure these investments.

REAL ESTATE

The Corporation is authorized by statute to invest Fund assets in real estate improved by substantially rented buildings located in the United States. Real estate investments may take the form of direct equity interests, real estate title-holding entities, real estate investment trusts, real estate operating companies, or other entities whose assets consist primarily of real property, debt obligations secured by real property, or similar entities. All real estate investments are held by the Corporation in its own name on behalf of the Fund, and are managed by professional real estate management firms. Real estate investment trusts and commercial mortgage-backed securities are held by custodian banks in the name of the Fund.

The carrying value of real estate at June 30, 2002, was $2,540,323,000. Carrying value consists of the equity value of direct real estate investments, commingled funds and commercial mortgages, and the market value of real estate investment trusts and commercial mortgage-backed securities.

In the ordinary course of business, the Corporation has made commitments related to real estate investments. In the opinion of management, meeting these commitments will not have a material adverse effect on the Corporation's financial position, results of operation, or liquidity.

Real estate investments at June 30, 2002, are summarized as follows (in thousands):

	Book Value	Market Value	Unrealized Gains/(Losses)
Commingled funds	$ 2,635	$ 3,262	$ 627
Real estate investment trusts	619,440	783,189	163,749
Commercial mortgages	71,821	74,094	2,273
Commercial mortgage-backed securities	132,371	138,459	6,088
Alaska residential mortgages	106	106	-
Property note receivable	3,141	3,141	-
Direct investments:			
Retail	341,228	360,338	19,110
Office	639,827	738,188	98,361
Industrial	192,834	187,918	(4,916)
Residential	367,083	407,983	40,900
Total	$ 2,370,486	$ 2,696,678	$ 326,192

NORTHERN TOBACCO SECURITIZATION CORPORATION

Bank investments agreements and other investments are categorized below (in thousands):

INVESTMENTS	Category 1	Category 2	Category 3	Fair Value
Bank investment agreements	$ -	$ -	$ 3,288	$ 3,288
U.S. agency securities	11,055	-	-	11,055
Total categorized investments	$ 11,055	$ -	$ 3,288	14,343
Not Categorized:				
Money market funds				15,611
Total				$ 29,954

DISCRETELY PRESENTED COMPONENT UNITS

At June 30, 2002, the discretely presented component units' investments by risk category were (in thousands):

INVESTMENTS	Category 1	Category 2	Category 3	Fair Value
U.S. Treasury securities	$ 302,242	$ 23,417	$ -	$ 325,659
U.S. Government agency securities	367,853	41,758	-	409,611
Corporate securities	455,924	678,969	160,616	1,295,509
Total categorized investments	$ 1,126,019	$ 744,144	$ 160,616	2,030,779
Not categorized				
Equity in state treasury				244,146
Equity in Permanent Fund Corporation investments				409,498
Other				515,550
Total				$ 3,199,973

NOTE 5 – CAPITAL ASSETS

PRIMARY GOVERNMENT

Capital assets, which include property, plant, equipment, and infrastructure items (highways, bridges, and similar items) are reported in the applicable governmental and business-type activity columns of the government-wide financial statements.

Capitalization policy and useful lives for capital assets are as follows:

	Governmental Activities		Business-type Activities	
Capital Asset	Capitalize at Value	Useful Life	Capitalize at Value	Useful Life
Land	All	Indefinite	All	Indefinite
Infrastructure	$1,000,000	15-75	$100,000	5-40
Buildings	$1,000,000	50	$100,000	10-40
Equipment/software	$100,000	3-60	$5,000	5-10

State of Alaska art, library reserve, and museum collections that are considered inexhaustible, in that their value does not diminish over time, are not capitalized.

Capital asset activities for the fiscal year ended June 30, 2002, were as follows (in millions).

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	$ 635	$ 15	$ (1)	$ 649
Construction in progress	1,869	49	(2)	1,916
Total capital assets not being depreciated	2,504	64	(3)	2,565
Capital assets being depreciated:				
Buildings	970	98	(16)	1,052
Equipment	525	31	(12)	544
Infrastructure	-	249	-	249
Total Capital assets being depreciated	1,495	378	(28)	1,845
Less accumulated depreciation for:				
Buildings	(378)	(18)	1	(395)
Equipment	(260)	(20)	9	(271)
Infrastructure	-	(17)	-	(17)
Total accumulated depreciation	(638)	(55)	10	(683)
Total capital assets being depreciated, net	857	323	(18)	1,162
Governmental activity capital assets, net	$ 3,361	$ 387	$ (21)	$ 3,727

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	$ 27	$ 1	$ -	$ 28
Construction in progress	45	44	-	89
Total capital assets not being depreciated	72	45	-	117
Capital assets being depreciated:				
Buildings	272	16	-	288
Equipment	38	2	-	40
Infrastructure	323	9	-	332
Total Capital assets being depreciated	633	27	-	660
Less accumulated depreciation for:				
Buildings	(91)	(8)	-	(99)
Equipment	(26)	(1)	-	(27)
Infrastructure	(168)	(10)	-	(178)
Total accumulated depreciation	(285)	(19)	-	(304)
Total capital assets being depreciated, net	348	8	-	356
Business-type activity capital assets, net	$ 420	$ 53	$ -	$ 473

The following relates to the land owned by the state:

- The total state entitlement amounts to approximately 105.7 million acres, 102.5 million of which was received through the Statehood Act. In accordance with the Alaska Statehood Act section 6(g), Alaska Native Claims

Settlement Act, and the Alaska National Interest Lands Conservation Act, section 906(c), 90.1 million acres have been patented or "tentatively approved."

- The state disposes of various land parcels through several programs. However, the state generally retains the subsurface rights of the land upon disposal.

Depreciation expense was charged to the functions of the primary government as follows (in millions):

Governmental Activities	Amount
General Government	$ 2
Education	6
Health and Human Services	2
Law and Justice	2
Public Protection	4
Transportation	25
Depreciation on capital assets held by the state's internal service funds is charged to the various functions based on their use of the assets.	14
Total Depreciation Expense – Governmental Activities	$ 55
Business-type Activities	
Enterprise	$ 19

DISCRETELY PRESENTED COMPONENT UNITS

The estimated useful lives of capital assets range from 4 to 50 years. The following table summarizes net capital assets reported by the discretely presented component units at June 30, 2002 (in millions):

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	$ 56	$ 1	$ (1)	$ 56
Library, media, and museum collections	45	1	-	46
Construction in progress	124	107	(39)	192
Total capital assets not being depreciated	225	109	(40)	294
Capital assets being depreciated:				
Buildings	846	33	-	879
Equipment	263	31	(11)	283
Infrastructure	1,180	13	(526)	667
Total Capital assets being depreciated	2,289	77	(537)	1,829
Less accumulated depreciation for:				
Buildings	(302)	(38)	-	(340)
Equipment	(134)	(26)	9	(151)
Infrastructure	(395)	(28)	216	(207)
Total accumulated depreciation	(831)	(92)	225	(698)
Total capital assets being depreciated, net	1,458	(15)	(312)	1,131
Capital assets, net	$ 1,683	$ 94	$ (352)	$ 1,425

Capital assets for the Alaska Industrial Development and Export Authority ($64.1 million), which are included in the table above, are reported as investments in projects, partnerships, or corporations in the Statement of Net Assets. Also, University

of Alaska art, library, and museum collections, which are capitalized but not depreciated, are reported in the statement of net assets as equipment.

NOTE 6 – BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS

A. SUMMARY OF CHANGES

The following table summarizes changes in long-term liabilities for the fiscal year ended June 30, 2002 (in thousands):

Governmental Activities	Beginning Balance (Restated)	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue bonds payable	$ 115,202	$ 124,938	$ 7,277	$ 232,863	$ 485
Notes payable	25,203	-	6,475	18,728	13,529
Capital leases payable	188,856	99,070	26,646	261,280	27,661
Deferred revenues/advances	63,814	86,365	63,765	86,414	86,365
Certificates of Participation	-	16,000	-	16,000	-
Accrued vacation leave	109,958	93,383	94,947	108,394	108,394
Claims and judgements	101,951	52,531	38,929	115,553	31,090
Other noncurrent liabilities	3,215	2,999	2,896	3,318	2,999
Total	$ 608,199	$ 475,286	$ 240,935	$ 842,550	$ 270,523

Business-type Activities	Beginning Balance (Restated)	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue bonds payable	$ 226,976	$ 140,780	$ 5,382	$ 362,374	$ 6,300
Deferred revenues/advances	3,253	576	-	3,829	3,829
Other noncurrent liabilities	25	-	-	25	-
Total	$ 230,254	$ 141,356	$ 5,382	$ 366,228	$ 10,129

B. GENERAL OBLIGATION BONDS, NORTHERN TOBACCO SECURITIZATION REVENUE BONDS, AND INTERNATIONAL AIRPORTS REVENUE BONDS

The full faith, credit, and resources of the state are pledged to secure payment of general obligation bonds. As of June 30, 2002, there is no general obligation bond debt outstanding.

The Northern Tobacco Securitization Corporation (NTSC) bonds were issued to purchase Tobacco Settlement Revenues (TSRs) from the State of Alaska. These revenue bonds are secured by and payable solely from the TSRs and investment earnings pledged under the Bond Indenture. Neither Alaska Housing Finance Corporation nor the State of Alaska is liable for any debt issued by NTSC. This debt is reported in the Governmental Activities column of the Government-wide Statement of Net Assets. Debt service requirements for NTSC are (in millions):

Year Ending June 30	Principal	Interest	Total
2003	$ 0.5	$ 13.3	$ 13.8
2004	-	13.3	13.3
2005	-	13.3	13.3
2006	-	13.3	13.3
2007	-	13.2	13.2
2008-2012	31.9	60.5	92.4
2013-2017	58.8	46.9	105.7
2018-2022	44.1	33.3	77.4
2023-2027	22.7	20.6	43.3
2028-2032	77.3	4.0	81.3
Total debt service requirements	235.3	$ 231.7	$ 467.0
Unamortized bond issuance costs and discounts	(2.4)		
Total principal outstanding	$ 232.9		

Gross revenues derived from the operation of the international airports at Anchorage and Fairbanks are pledged to secure the payment of principal and interest on International Airports revenue bonds. All bonds authorized by the Alaska legislature have been issued. This debt is reported in the Business-type Activities column of the Government-wide Statement of Net Assets. Debt service requirements are (in millions):

Year Ending June 30	Principal	Interest	Total
2003	$ 6.3	$ 18.6	$ 24.9
2004	6.6	18.4	25.0
2005	10.0	18.0	28.0
2006	10.4	17.6	28.0
2007	10.9	17.1	28.0
2008-2012	63.1	77.2	140.3
2013-2017	78.1	58.7	136.8
2018-2022	88.9	36.7	125.6
2023-2027	83.9	11.8	95.7
2028-2032	10.0	0.3	10.3
Total debt service requirements	368.2	$ 274.4	$ 642.6
Unamortized bond issuance costs and discounts	(5.8)		
Total principal outstanding	$ 362.4		

C. CAPITAL AND OPERATING LEASES

A summary of noncancelable operating and capital leases commitments to maturity are (in millions):

Governmental Activities	Operating	Capital Leases		
Year Ending June 30	Leases	Principal	Interest	Total
2003	$ 3.8	$ 27.7	$ 13.2	$ 40.9
2004	3.0	26.9	11.4	38.3
2005	2.7	25.0	10.1	35.1
2006	2.2	24.8	8.9	33.7
2007	1.6	21.7	7.9	29.6
2008-2012	6.0	81.1	25.4	106.5
2013-2017	1.5	39.7	10.5	50.2
2018-2022	-	14.4	1.7	16.1
Total	$ 20.8	$ 261.3	$ 89.1	$ 350.4

D. CERTIFICATES OF PARTICIPATION

The state has lease purchase agreements funded through certificates of participation (COPs). These leases are for the purchase of buildings. Third-party leasing companies assigned their interest in the lease to underwriters, which issued certificates for the funding of these obligations. The COPs represent an ownership interest of the certificate holder in a lease purchase agreement. While the state is liable for lease payments to the underwriters, the state is not liable for payments to holders of the certificates.

The following schedule presents future minimum payments as of June 30, 2002 (expressed in millions):

Year Ending June 30	Principal	Interest	Total
2003	$ -	$ 0.5	$ 0.5
2004	1.0	0.7	1.7
2005	1.0	0.7	1.7
2006	1.0	0.6	1.6
2007	5.8	0.6	6.4
2008-2012	7.2	2.4	9.6
2013-2017	-	0.9	0.9
Total	16.0	$ 6.4	$ 22.4

E. DISCRETELY PRESENTED COMPONENT UNITS

Debt service requirements are (in millions):

Year Ending June 30	Principal	Interest	Total
2003	$ 148.7	$ 227.7	$ 376.4
2004	157.4	220.5	377.9
2005	182.6	215.7	398.3
2006	166.1	203.7	369.8
2007	131.4	196.4	327.8
2008-2012	606.6	899.5	1,506.1
2013-2017	645.8	735.4	1,381.2
2018-2022	608.1	612.8	1,220.9
2023-2027	518.6	452.2	970.8
2028-2032	639.9	312.4	952.3
2033-2037	533.6	191.7	725.3
2038-2042	132.8	39.9	172.7
2043-2047	54.8	16.5	71.3
2048-2052	24.3	1.8	26.1
Total debt service requirements	4,550.7	$ 4,326.2	$ 8,876.9
Unamortized discounts, unexpended bond proceeds, accreted interest, & deferred amount on refunding	(9.3)		
Total principal outstanding	$ 4,541.4		

The preceding table does not include $402,000 of Alaska Energy Authority arbitrage interest payable.

NOTE 7 – DEFINED BENEFIT PENSION PLANS

A. STATE ADMINISTERED PLANS

DESCRIPTION OF PLANS

THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

PERS is a defined benefit, agent, multiple-employer public employee retirement system established and administered by the state to provide pension and postemployment healthcare benefits for eligible state and local government employees. Benefit and contribution provisions are established by Chapter 35 of Alaska Statute Title 39, and may be amended only by the state legislature. PERS provides for normal pension benefits, as well as death, disability, and postemployment healthcare benefits.

PERS is considered a component unit of the state financial reporting entity. PERS issues a separate stand-alone financial report that includes financial statements and required supplementary information. PERS is also reported as a pension (and other employee benefit) trust fund by the state. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

At June 30, 2002, the number of participating employers was:

State of Alaska	1
Municipalities	80
School Districts	52
Other	28
Total employers	161

Current employee contribution rates are 6.75 percent of compensation (7.5 percent for peace officers and firefighters). The employee contributions are deducted before federal income tax is withheld. The PERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual-covered payroll, are adequate to accumulate sufficient assets to pay both pension and postemployment health care benefits when due. Employer contribution rates are level percentages of payroll and are determined using the projected unit credit actuarial funding method. The employer rate for the State of Alaska for the year ended June 30, 2002, was 7.2 percent of compensation (7.1 for peace officers and firefighters).

The Schedule of Funding Progress for the State of Alaska for pension benefits follows (in thousands):

Actuarial Valuation Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
1998	$2,922,361	$2,849,760	$(72,601)	102.5%	$706,711	(10.3%)
1999	3,064,962	2,902,304	(162,658)	105.6%	727,953	(22.3%)
2001	3,486,365	3,462,943	(23,422)	100.7%	781,286	(3.0%)

Postemployment healthcare benefits are provided to retirees without cost for all employees first hired before July 1, 1986, and employees who are disabled or age sixty-five or older, regardless of initial hire dates. Employees first hired after June 30, 1986, with five years of credited service (or ten years of credited service for those first hired after July 1, 1996) may receive postemployment healthcare benefits prior to age sixty by paying the full monthly premium, and by paying half of the monthly premium if they are between the ages of sixty and sixty-five.

Prior to July 1, 1997, postemployment healthcare benefits were provided by the payment of premiums to an insurance company. Beginning July 1, 1997, the Retiree Health Fund (RHF), a pension (and other employee benefit) trust fund of the state, was established. The RHF is self-funded and provides major medical coverage to retirees. Retirees of three other state

plans also participate in the RHF. The retirement plans retain the risk of loss of allowable claims. The RHF issues a financial report that may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

The Schedule of Funding Progress for the State of Alaska for postemployment healthcare benefits follows (in thousands):

Actuarial Valuation Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
1998	$1,165,476	$1,136,524	$(28,952)	102.5%	$706,711	(4.1%)
1999	1,242,503	1,176,563	(65,940)	105.6%	727,953	(9.1%)
2001	1,476,115	1,466,201	(9,914)	100.7%	781,286	(1.3%)

The state's annual required contributions for pension and postemployment healthcare benefits for the fiscal years ended June 30, 2002, 2001, and 2000 were $50.5, $53.4 million, and $51.6 million respectively. The state contributed 100 percent for each of those years resulting in no net pension obligation (NPO).

THE TEACHERS' RETIREMENT SYSTEM (TRS)

TRS is a defined benefit, cost-sharing, multiple-employer public employee retirement plan established to provide pension benefits for teachers and other eligible participants.

At June 30, 2002, the number of participating employers was:

State of Alaska	1
School Districts	52
Other	5
Total employers	58

TRS is considered a component unit of the state financial reporting entity. TRS issues a separate stand-alone financial report that includes financial statements and required supplementary information. TRS is also reported as a pension (and other employee benefit) trust fund by the state. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

Benefit and contribution provisions are established by Chapter 25 of Alaska Statute Title 14 and may be amended only by the state legislature. TRS provides for normal pension benefits, as well as death, disability, and postemployment healthcare benefits.

Current employee contribution rate is 8.65 percent of their base salary. The employee contributions are deducted before federal income tax is withheld. Eligible employees contribute an additional 1 percent of their salary under the supplemental contribution provision. The TRS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual-covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. Employer contribution rates are level percentages of payroll and are determined using the projected unit credit actuarial funding method. The employer rate for the State of Alaska for the year ended June 30, 2002, was 11 percent of compensation.

Postemployment healthcare benefits are provided without cost to all employees first hired before July 1, 1990, and employees who are disabled or age sixty-five or older, regardless of initial hire dates. Employees first hired after June 30, 1990, may receive postemployment healthcare benefits prior to age sixty-five by paying premiums.

Prior to July 1, 1997, postemployment healthcare benefits were provided by the payment of premiums to an insurance company. Beginning July 1, 1997, the Retiree Health Fund (RHF), a pension (and other employee benefit) trust fund of the state, was established. The RHF is self-funded and provides major medical coverage to retirees. Retirees of three other state

plans also participate in the RHF. The retirement plans retain the risk of loss of allowable claims. The RHF issues a financial report that may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

The state's contributions to TRS for the fiscal years ended June 30, 2002, 2001, and 2000 were $666,539, $641,569, and $664,424 respectively, equal to the required contributions for each year.

THE JUDICIAL RETIREMENT SYSTEM (JRS)

JRS is a defined benefit, single-employer retirement system established to provide pension and postemployment healthcare benefits for eligible state judges and justices.

JRS is considered a component unit of the state financial reporting entity. JRS issues a separate stand-alone financial report that includes financial statements and required supplementary information. JRS is also reported as a pension (and other employee benefit) trust fund by the state. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

Benefit and contribution provisions are established by Chapter 25 of Alaska Statute Title 22 and may be amended only by the state legislature. JRS provides for normal pension benefits, as well as death, disability, and postemployment healthcare benefits.

Members contribute 7 percent of their compensation to JRS. The contributions are deducted after federal income tax is withheld. Contributions are not required after members have made contributions for fifteen years, or from members first appointed before July 1, 1978. The JRS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual-covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. Employer contribution rates are level percentages of payroll and are determined using the projected unit credit actuarial funding method. The employer rate for the State of Alaska for the year ended June 30, 2002, was 17.07 percent of compensation.

The Schedule of Funding Progress for pension benefits follows (in thousands):

Actuarial Valuation Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
1996	$49,303	$52,374	$3,071	94.1%	$5,289	58.1%
1998	60,794	57,780	(3,014)	105.2%	5,716	(52.7%)
2000	68,116	68,888	772	98.9%	5,702	13.5%

Prior to July 1, 1997, postemployment healthcare benefits were provided by the payment of premiums to an insurance company. Beginning July 1, 1997, the Retiree Health Fund (RHF), a pension (and other employee benefit) trust fund of the state, was established. The RHF is self-funded and provides major medical coverage to retirees. Retirees of three other state plans also participate in the RHF. The retirement plans retain the risk of loss of allowable claims.

Postemployment healthcare benefits are provided without cost to retired JRS members. The Schedule of Funding Progress for postemployment healthcare benefits follows (in thousands):

Actuarial Valuation Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of Covered Payroll
1996	$2,479	$2,634	$155	94.1%	$5,289	2.9%
1998	3,896	3,703	(193)	105.2%	5,716	(3.4%)
2000	4,545	4,596	51	98.9%	5,702	0.9%

The annual required contributions for pension and postemployment healthcare benefits for the fiscal years ended June 30, 2002, 2001, and 2000 were $1,005,968, $984,011, and $1,510,516. The state contributed 100 percent for each of those years resulting in no net pension obligation (NPO).

THE ALASKA NATIONAL GUARD AND ALASKA NAVAL MILITIA RETIREMENT SYSTEM (NGNMRS)

NGNMRS is a defined benefit, single-employer retirement system established and administered by the state to provide pension benefits for eligible members of the Alaska National Guard and Alaska Naval Militia.

NGNMRS is considered a component unit of the state financial reporting entity. NGNMRS issues a separate stand-alone financial report that includes financial statements and required supplementary information. The plan is also reported as a pension (and other employee benefit) trust fund by the state. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

Benefit and contribution provisions are established by Chapter 5 of Alaska Statute Title 26 and may be amended only by the state legislature. NGNMRS provides for normal pension benefits and death benefits. Postemployment healthcare benefits are not provided.

No contributions are required from plan members. NGNMRS's funding policy provides for periodic contributions by Alaska Department of Military and Veterans' Affairs at actuarially determined amounts that are adequate to accumulate sufficient assets to pay benefits when due. State contributions are determined using the projected unit credit actuarial funding method.

The Schedule of Funding Progress for pension benefits follows (in thousands):

Actuarial Valuation Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio
1996	$ 9,948	$12,512	$2,564	79.5%
1998	12,671	14,252	1,581	88.9%
2000	13,734	17,967	4,233	76.4%

The annual required contributions for the fiscal years ended June 30, 2002, 2001, 2000 were $879,800, $879,800, and $1,104,500. The percentage contributed for each year was 100 percent.

THE ELECTED PUBLIC OFFICERS RETIREMENT SYSTEM (EPORS)

EPORS is a defined benefit retirement plan covering the governor, the lieutenant governor, and all legislators that participated in the System between January 1, 1976, and October 14, 1976. EPORS is funded by both employee contributions and an annual appropriation from the state general fund. Retirement benefits are based on the member's years of service and the current salary for the position from which they retired or an average of the three highest consecutive years' salaries. The pension benefit is equal to 5 percent for each year of service as governor, lieutenant governor, or a legislator,

plus 2 percent for other covered service, not to exceed 75 percent (AS 39.37.050). The plan also provides death and disability benefits.

Plan members contribute 7 percent of their compensation to EPORS. Employee contributions earn interest at 4.5 percent per annum, compounded semiannually. The remaining amount required to pay EPORS benefits is funded by legislative appropriation. The FY 02 cost to the state for EPORS was $1.1 million.

ASSET VALUATION

See Note 4 for information on pension funds' deposits and investments risk categories. The table below discloses the fair value of each pension plan's cash and investments. All amounts are in thousands.

Systems	Fair Value
Public Employees' Retirement System	$7,410,167
Teachers' Retirement System	3,684,379
Judicial Retirement System	63,712
Alaska National Guard and Alaska Naval Militia Retirement System	12,228

PLAN MEMBERSHIPS

As of the actuarial dates, plan memberships consisted of:

	PERS	TRS	JRS	NGNMRS	EPORS
	6/30/01	6/30/01	6/30/00	6/30/00	6/30/01
Retirees & beneficiaries receiving benefits & terminated members with future benefits	22,461	8,100	72	968	37
Current active employees:					
Vested	18,569	5,499	43	*	4
Nonvested	13,872	4,316	14	3,832	-
Total	54,902	17,915	129	4,800	41

* A breakdown of active employees between vested and nonvested was not available for NGNMRS.

FUNDING STATUS AND PROGRESS

ACTUARIAL METHOD AND ASSUMPTIONS

All systems use the "projected unit credit" method. The unfunded accrued benefit liability or funding surplus is amortized over a rolling 25 years (NGNMRS is 20 years).

The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, each participant's total pension projected to retirement with salary scale is broken down into units, each associated with a year of past or future service. The principle underlying the method is that each unit is funded in the year for which it is credited. Typically, when the method is introduced there will be an initial liability for benefits credited for service prior to that date. To the extent that this liability is not covered by assets of the plan there is an unfunded liability to be funded over a chosen period in accordance with an amortization schedule.

The following main assumptions were used in the actuarial valuation.

System	Investment Return Compounded Annually	Salary Scale Increase	Health Cost Inflation	Consumer Price Index Inflation	Valuation Date
PERS	8.25%	5.5% first 5 years - Police & Firefighters, first 10 years - all others 4.0% thereafter	FY 01 – 7.5%; FY 02 – 6.5%; FY 03 – 5.5%; FY 04–08 – 5.0%; FY 09–13 – 4.5%; Thereafter – 4.0%	3.5%	6/30/01
TRS	8.25%	5.5% first 5 years 4.0% thereafter	FY 01 – 7.5%; FY 02 – 6.5%; FY 03 – 5.5%; FY 04 – 08 – 5.0%; FY 09 – 13 – 4.5%; Thereafter – 4.0%	3.5%	6/30/01
JRS	8.25%	5.0% per year	FY 00 – 8.5%; FY 01 – 7.5%; FY 02 – 6.5%; FY 03 – 5.5%; FY 04-08 – 5.0%; FY 09-13 – 4.5%; Thereafter – 4.0%	3.5%	6/30/00
NGNMRS	8.25%	-	-	-	6/30/00
EPORS	9.0%	6.0 % per year	9.0% per year	-	6/30/86

All assets are at fair value, with 20 percent of the investment gains or losses recognized in each of the current and preceding four years. Valuation assets cannot be outside a range of 80 to 120 percent of the fair value of assets.

B. NON-STATE ADMINISTERED PLANS

THE MARINE ENGINEERS' BENEFICIAL ASSOCIATION (MEBA) PENSION PLAN

The MEBA plan is a defined benefit pension plan administered by MEBA for its members. Engineer Officers of the Alaska Marine Highway System participate in this program and the state contributes an amount (set by union contract) for each employee. The state assumes no liability for this pension plan or its participants other than the payment of required contributions. The state contributed $474.7 thousand in FY 02.

NOTE 8 – DEFINED CONTRIBUTION PENSION PLANS

A. STATE ADMINISTERED PLANS

SUPPLEMENTAL BENEFITS SYSTEM

In addition to the pension plans (Note 7) and deferred compensation plan (Note 9), all state employees, as well as employees of political subdivisions, who have elected to participate in the program, are covered under the Alaska Supplemental Benefits System (SBS). SBS is comprised of the Supplemental Annuity Plan and the Supplemental Benefits Plans. The Supplemental Annuity Plan is a defined contribution plan that was created under Alaska statutes effective January 1, 1980, to provide benefits in lieu of those provided by the Federal Social Security System (Social Security). All state employees, who would have participated in Social Security if the state had not withdrawn, participate in SBS. Other employers whose employees participate in the state Public Employees' Retirement System and meet other requirements are eligible to have their employees participate in SBS as provided by Alaska Statute. As of January 31, 2002, there were fifteen other employers participating in SBS. There were approximately 30,000 participants in the Plan.

The Division of Retirement and Benefits is responsible for administration and record keeping. The Alaska State Pension Investment Board is responsible for the specific investment of moneys in SBS.

SBS is considered a component unit of the state financial reporting entity. SBS issues a separate stand-alone financial report that includes financial statements and required supplementary information, and SBS is also reported as a pension (and other employee benefit) trust fund by the state. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

Mandatory contributions are made to the Supplemental Annuity Plan and voluntary contributions to the Supplemental Benefits Plan. Participating employees are vested at all times. Supplemental Annuity Plan contributions are made in lieu of contributions to Social Security. The state is required to contribute 12.26 percent of an employee's wages up to the taxable wage base in effect under Social Security regulations. Each employee is considered to have agreed to a wage reduction equal to one-half the contribution made on the employee's behalf. The state's mandatory contributions for the year ending January 31, 2002, were $89.5 million. The state's covered payroll was approximately $729.6 million.

Supplemental Benefit Plan contributions are voluntary based upon the optional benefits elected by each employee enrolled in SBS. Each employee agrees to a wage reduction based upon the benefit options selected. The benefit amounts are deducted from each employee's wages and remitted by the employer to SBS on the employee's behalf. State employee voluntary contributions for the year ending January 31, 2002, were approximately $5.2 million.

Employees are eligible to withdraw from the Supplemental Annuity Plan sixty days after termination. Benefits are payable in the form of a lump sum annuity or one of various continuing annuities purchased from an insurance carrier. The SBS administrator issues lump-sum payments through its contracted record keeper.

Benefits available under the Supplemental Benefits Plan include supplemental health, death, disability, survivor benefits, and dependent care reimbursement. Selection of these benefits is at the discretion of the employee, with certain restrictions and may be amended and/or changed on an annual basis or in conjunction with an employee change in status. The state maintains a separate self-insurance fund to provide for health benefits. All other supplemental benefits, except dependent care reimbursement, are provided through insurance policies. The state administers the dependent care reimbursement plan.

Supplemental annuity contributions were deposited with investment managers under contract with SBS for the year ended January 31, 2002. The amounts credited to each participant account include the appreciation or depreciation in the unit values of the investment funds, in addition to participant contributions received during the year and deduction for administrative fees.

Participant accounts under the Supplemental Annuity Plan are self-directed with respect to investment options. Each participant designates how contributions are allocated among the investment options. Each participant's account is credited with the contributions and the increase or decrease in unit value for the investment funds.

B. NON-STATE ADMINISTERED PLANS

THE NORTHWEST MARINE RETIREMENT TRUST (NMRT)

NMRT is an agent multiple-employer pension plan with defined contributions and is administered by the Pacific Northwest Marine Retirement Trust. The state assumes no liability for this pension plan or its participants other than the payment of required contributions. The state contributed $615.1 thousand in FY 02.

NOTE 9 – DEFERRED COMPENSATION PLAN

The State of Alaska Deferred Compensation Plan (Plan) was created by Alaska statutes. It is a deferred compensation plan under section 457 of the Internal Revenue Code and is available to all permanent employees or elected officials of the state who have completed a full pay period of employment. Participants authorize the state to reduce their current salary so that they can receive the amount deferred at a later date. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency, within the definition allowed by the applicable Internal Revenue Codes. As of December 31, 2001, the Plan had approximately 7,600 participants.

As a result of the passage of The Small Business Job Protection Act of 1996 (SBJPA), all amounts deferred, including amounts deferred before the effective date of the new law, under an eligible 457 plan must be held in a trust for the exclusive benefit of employees and beneficiaries. This new law repealed the requirement that a section 457 plan sponsored by a government be solely the property of the employer, subject only to the claims of the employer's general creditors. The trust requirement generally applies to assets and income held by a plan on and after the date of enactment of the SBJPA. The Plan Document for the State of Alaska Deferred Compensation Plan was amended to recognize and establish the Trust requirement for the Plan.

The Division of Retirement and Benefits is responsible for Plan administration and recordkeeping. The Alaska State Pension Investment Board is responsible for the specific investment of moneys in the plan.

Participant accounts are self-directed with respect to investment options. Each participant designates how his or her contribution is to be allocated among the investment options. Each participant's account is credited with the participant's contributions and the increase or decrease in unit value for the investment funds.

Deferred compensation net assets as of December 31, 2001, were $387.2 million. Deferred compensation is reported in the accompanying financial statements as a pension (and other employee benefit) trust fund.

NOTE 10 – INTERFUND TRANSACTIONS

The following schedules summarize individual interfund and component unit receivable and payable balances at June 30, 2002, and interfund transfers for the year then ended (in thousands):

RECEIVABLES

	Interfund	Primary Government	Component Units	Total
Primary Government:				
General Fund	$ 958,897	$ -	$ 4,188	$ 963,085
Alaska Permanent Fund	44,195	-	-	44,195
Nonmajor Governmental Funds	1,510	-	5	1,515
Enterprise Funds	334	-	-	334
Internal Service Funds	7,467	-	961	8,428
Fiduciary Funds	1,441	-	-	1,441
Component Units:				
Alaska Housing Finance Corporation	-	569	49	618
Alaska Industrial & Development Export Authority	-	-	-	-
University of Alaska	-	1,838	6,192	8,030
Nonmajor Component Units	-	205	-	205
Other*	4,388	1	23,272	27,661
TOTAL	$ 1,018,232	$ 2,613	$ 34,667	$ 1,055,512

PAYABLES

	Interfund	Primary Government	Component Units	Total
Primary Government:				
General Fund	$ 54,252	$ -	$ 5,623	$ 59,875
Alaska Permanent Fund	930,353	-	-	930,353
Nonmajor Governmental Funds	2,764	-	-	2,764
Enterprise Funds	25,524	-	-	25,524
Internal Service Funds	553	-	-	553
Fiduciary Funds	3,870	-	-	3,870
Component Units:				
Alaska Housing Finance Corporation	-	8,479	-	8,479
Alaska Industrial Development & Export Authority	-	43	-	43
University of Alaska	-	-	-	-
Nonmajor Component Units	-	15,090	-	15,090
Other*	916	835	7,210	8,961
TOTAL	$ 1,018,232	$ 24,447	$ 12,833	$ 1,055,512

INTERFUND TRANSFERS

	Transferred To						
Transferred From	General Fund	Nonmajor Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Other	Total
General Fund	$ -	$ 1,277	$ 761	$ 2,772	$ 125	$ -	$ 4,935
AK Permanent	925,806	-	-	-	-	4,547	930,353
Nonmajor Gvtl	-	-	-	-	-	-	-
Enterprise	2,300	-	-	-	-		2,300
Int Svc	-	-	-	-	-	-	-
Fiduciary	-	-	-	-	-	-	-
Other	19,822	-	-	-	-	-	19,822
Total	$ 947,928	$ 1,277	$ 761	$ 2,772	$ 125	$4,547	$ 957,410

* The “Other” category is a combination (net) of various items that are not consistently reported in the three classifications identified above. This inconsistency results from: (1) a difference in the basis of accounting such as College and Universities are not on the same basis as the general fund and enterprise funds, enterprise funds are on the full accrual accounting basis while the governmental funds are on the modified accrual basis; (2) timing differences due to differing fiscal year ends; and (3) some inconsistent classifications as a result of the nature of the operation.

NOTE 11 – SEGMENT INFORMATION - ENTERPRISE FUNDS

The State of Alaska International Airport System (an enterprise fund) was created to equip, finance, maintain, and operate the two international airports located at Anchorage and Fairbanks, Alaska. The airports are under the administration of the Alaska Department of Transportation and Public Facilities. The following schedule presents summary financial information for the International Airport System for the fiscal year ended June 30, 2002 (stated in thousands).

CONDENSED STATEMENT OF NET ASSETS		
Assets:		
Current assets	$	114,894
Restricted assets		277,359
Capital assets, net		472,750
Total assets		865,003
Liabilities:		
Current liabilities		20,653
Due to other funds		23,134
Noncurrent liabilities		356,074
Total liabilities		399,861
Net assets:		
Invested in capital assets, net of related debt		370,663
Restricted		12,672
Unrestricted		81,807
Total net assets	$	465,142

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS		
Airfield operations revenue	$	67,253
Other operating revenue		683
Depreciation expense		(19,915)
Other operating expense		(47,779)
Operating Income		242
Nonoperating revenues (expenses):		
Investment earnings		5,725
Interest expense		(1,190)
Other nonoperating revenue (expenses) - net		13
Capital contributions		23,396
Change in net assets		28,186
Beginning net assets		436,956
Ending net assets	$	465,142

CONDENSED STATEMENT OF CASH FLOWS		
Net cash provided (used) by:		
Operating activities	$	35,504
Noncapital financing activities		-
Capital and related financing activities		77,413
Investing activities		(109,035)
Net increase (decrease)		3,882
Beginning cash and cash equivalents		15,448
Ending cash and cash equivalents	$	19,330

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. SICK LEAVE

The cost of state employee sick leave is charged against agency appropriations when leave is used rather than when leave is earned. There is no recorded liability for sick leave in the financial records of the state. Accordingly, the statements in this report do not include an estimate of this obligation as either a liability or a reserve.

Accumulated sick leave may be used only for actual illness. When an employee separates from state service, any sick leave balance to their credit is reduced to zero without additional compensation to the employee.

The estimated amount of unused accumulated sick leave as of June 30, 2002, is $46 million. This amount was calculated using the base pay on file for each employee as of June 30, 2002. It does not include an estimate of the cost of fringe benefits (supplemental benefits, retirement, group insurance, etc.) which can vary from 5 percent to 28 percent of gross pay depending on the status of the employee when leave is taken.

B. SCHOOL DEBT

Under a program enacted in 1970 (AS 14.11.100), the state may reimburse municipalities up to 80, 90, or 100 percent of debt service on bonds issued to finance school construction. The percentage depends on the year in which the costs are incurred. The 80 percent limitation, enacted in 1985, applies to fiscal years after June 30, 1983. The higher percentages apply to earlier years.

Although the statute provides that the state may reimburse school districts 80, 90, or 100 percent of construction costs, the actual funding for the program is dependent on annual legislative appropriations to the school construction account. When amounts in the account are insufficient, the available funds are allocated pro rata among the eligible school districts. There is no contractual commitment by the state to make these payments. The amount for FY 02 expended for school debt was $54.1 million, which was 100 percent of the entitlement. The total debt requirement assuming the state makes full payment of its share of school debt service would be approximately $741.5 million. The state has in the past and may in the future appropriate less than the full amount to which the municipalities are entitled under statute.

C. RISK MANAGEMENT AND SELF-INSURANCE

The state maintains a risk management program that is administered by the Department of Administration, Division of Risk Management. The Division of Risk Management's objective is to protect the financial assets and operations of the State of Alaska from accidental loss through a comprehensive self-insurance program for normal and expected property and casualty claims of high frequency and low severity, combined with high-limit, broad-form excess insurance protection for catastrophic loss exposures.

Risk Management acts as the insurance carrier for each state agency, funding all sudden and accidental property and casualty claims. The annual premiums allocated by Risk Management are the maximum each agency is called upon to pay. This planning for known and catastrophic losses forestalls the need for the affected agency to seek supplemental appropriation or disrupt vital state services after a major property loss, adverse civil jury award, or significant workers' compensation claim.

By effectively managing the state's property and liability exposures through a comprehensive self-insurance program, Risk Management expends fewer public funds than would be paid to private insurance companies at the same time providing streamlined claims services utilizing professional adjusting firms located throughout Alaska.

Property insurance with all-risk (including earthquake and flood) coverage is provided on a replacement cost basis for all state-owned or leased property; buildings (including contents, museum fine arts, etc.), aircraft, watercraft (Alaska Marine Highway System ferries and other agency vessels), large highway bridges, and hydroelectric power dams.

Casualty coverages protect each state agency and their personnel from third-party civil (tort) liability claims alleged to have arisen from combined liability - general (premises/operations), automobile, professional (errors and omissions), medical malpractice, aviation (aircraft and airport), or marine (crew and passenger injuries).

Additional specialty coverages include blanket public employee faithful performance and custom bonding, accidental death and disability (including medical expenses) for volunteers, computer fraud and foreign liability, etc. These insurance programs continually evolve, responding to new activities and special projects undertaken by each state agency. There has been no significant reduction in insurance coverage from previous years and the state has not incurred a loss in excess of its insurance program.

In FY 02, the state completely self-insured all statutory workers' compensation claims, self-insured the first $5 million per occurrence for general (premises and operations) and professional liability, $2 million per loss in automobile liability, $1

million per claim for property and marine risks, and $250,000 per incident for airport and aviation liability exposures. Limits of excess insurance vary by risk, reaching up to $250 million per occurrence for marine and $500 million for aviation.

Both domestic and international insurance companies and various Lloyd's of London underwriting syndicates participate in the State of Alaska's excess insurance program. Marketing is provided by independent brokers. The state obtains an annual independent actuarial assessment of the state insurance program as required by AS 37.05.287(b).

An unconstrained audit of the State of Alaska's overall property and casualty insurance program performed by an independent risk management consultant found the retention levels and excess insurance coverage purchased are appropriate.

Risk Management's budget is funded entirely through interagency receipts annually billed each agency through a "Cost of Risk" premium allocation system. The Risk Management information system generates the annual cost of risk allocation to each agency, reflecting their proportionate share of the state's overall cost of risk. Designed to achieve equitable distribution of the self-insurance program costs, it factors exposure values subject to loss and considers the past five years actual claims experience incurred by each department.

For most cost of risk allocations, 80 percent of the premium billing is based on the average of the past five years actual claims experience. This provides a direct fiscal incentive to each agency to reduce or control their claim costs.

The program compiles a property inventory schedule of all owned or leased buildings used or occupied by state agencies, listing age and type of building construction, occupancy, fire protection services and sprinkler systems, and projected replacement cost value. Individual premiums are then determined and, in cases of multiple occupancy, allocated to each department on the basis of their square foot use.

The "Cost of Risk" premium is collected through two methods from individual state agency operating budgets. Reimbursable Services Agreements (RSAs) are used for all categories of insurance other than Workers' Compensation and Combined Liability (general, auto, and professional), which are assessed on a rate per $100 payroll applied monthly to each agency's actual payroll until the allocated premium is paid.

The payments made for insurance premiums and self-insured claims for FY 02 amounted to $31,574,564. This amount compares with FY 00 and FY 01 as follows:

FY 00	$ 24,352,868
FY 01	32,013,492
FY 02	31,574,564

The actuarial estimate of total outstanding loss liability arising from self-insured claims made in prior years through June 30, 2002, is $112,223,623. This amount has been reported as long-term debt obligations. This amount compares with the actuarial estimate for FY 00 and FY 01 as follows:

FY 00	$ 81,626,449
FY 01	91,266,893
FY 02	112,223,623

D. LITIGATION

The state is involved in a number of legal actions. The Department of Law estimates the probable maximum liability for the cases associated with the governmental fund types to be approximately $3.3 million, with an additional possible liability of $37.2 million. The probable loss amount has been reported as long-term debt obligations.

In October 2000, a complaint was filed in the Superior Court for the State of Alaska, Third Judicial District (Myers v. State of Alaska, Alaska Housing Finance Corporation, and Northern Tobacco Securitization Corporation), seeking a declaratory judgement determining that the sale of the 2000 Pledged Receipts by the state to AHFC or to NTSC is a dedication of state funds for a special purpose, in violation of section 7, Article IX, of the Alaska Constitution. On October 24, 2000, Superior Court Judge Hensley ruled that such sale of the 2000 Pledged Receipts did not violate the Alaska Constitution. Plaintiff

thereafter appealed to the Alaska Supreme Court; oral arguments have been heard. Any adverse decision in the Myers litigation will likely adversely affect the validity of the sale of the 2000 and 2001 Tobacco Settlement Revenues to NTSC, and NTSC's ability to repay bondholders.

E. FEDERAL GRANTS

The state has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, it is believed that any required reimbursements will not be material.

F. DISASTER RELIEF FUND

The state may be liable to reimburse communities for expenditures related to disasters in excess of the amount allocated by the state.

G. DISCRETELY PRESENTED COMPONENT UNITS

At June 30, 2002, AIDEA had extended commitments for loans of $29,338,000 and loan guarantees of $2,015,000.

NOTE 13 – SUBSEQUENT EVENTS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

An actuarial audit of the Public Employee's Retirement System (PERS) consulting actuary determined changes were needed in several areas. The major issues noted by the auditor are categorized under two levels of significance to the overall funding status of PERS. Level A findings include areas where changes are needed to correct the implementation of a method, calculation, or use of data, and which will result in financial impact on the actuarial findings. Level B findings are in areas where the auditor recommends changes based on their professional opinion or preference. These will also ultimately have financial impact, if adopted, on the resulting actuarial valuation.

The financial impact of level A findings would have increased the June 30, 2001, target liability by $44.5 million, or 0.57 percent. All level A changes will be incorporated into the June 30, 2002, actuarial valuation report. Those level B changes that do not require prior PERS board approval will also be implemented for the June 30, 2002, actuarial valuation report. The precise financial effect of the level B changes has not been determined at this time.

B. ALASKA HOUSING FINANCE CORPORATION BONDS

The Alaska Housing Finance Corporation (AHFC), on September 5, 2002, in the normal course of activities, issued $125,000,000 in Housing Development Bonds 2002 Series A, B, C, and D. The 2002 Series A bonds mature on December 1, 2033, the 2002 Series B bonds mature on June 1, 2022, and the 2002 Series C bonds mature on December 1, 2032. The 2002 Series A-C bonds will bear interest at fixed rates of 1.6 percent to 5.3 percent. The 2002 Series D bonds mature on June 1, 2037, and initially will bear interest at a weekly rate; however, AHFC has the option to convert all or a portion of the variable rate bonds on any Effective Rate Date to fixed interest rates or an indexed rate.

AHFC, on October 15, 2002, in the normal course of activities, issued $150,000,000 in General Mortgage Revenue Bonds, 2002 Series A. The bonds mature on June 1, 2040, and will bear coupon interest at fixed rates of 3.45 percent to 5 percent.

Required Supplementary Information

STATE OF ALASKA **STATEMENT 2.01**
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2002
(Stated in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Unrestricted:				
Taxes	$ 1,217,021	$ 1,242,043	$ 980,067	$ 261,976
Licenses and Permits	70,543	75,506	63,459	12,047
Charges for Services	380,453	397,281	408,048	(10,767)
Fines and Forfeitures	32,993	32,999	11,712	21,287
Rents and Royalties	825,488	825,684	601,872	223,812
Premiums and Contributions	9,063	9,063	9,308	(245)
Interest and Investment Income	98,398	98,573	206,697	(108,124)
Other Revenues	34,888	36,233	122,307	(86,074)
Restricted:				
Federal Grants in Aid	3,832,096	4,012,884	1,500,786	2,512,098
Interagency	368,876	574,707	356,570	218,137
Other Revenues	18,336	18,335	13,918	4,417
Total Revenues	6,888,155	7,323,308	4,274,744	3,048,564
EXPENDITURES				
Current:				
General Government	579,996	610,108	562,999	47,109
Alaska Permanent Fund Dividend	1,088,200	1,096,246	1,086,358	9,888
Education	991,460	1,121,134	1,089,402	31,732
University	1,684	1,684	1,669	15
Health and Human Services	1,655,465	1,849,221	1,609,215	240,006
Law and Justice	140,558	149,048	139,382	9,666
Public Protection	566,515	607,597	465,937	141,660
Natural Resources	298,030	315,934	219,598	96,336
Development	249,401	250,430	164,105	86,325
Transportation	2,762,097	2,920,528	1,047,385	1,873,143
Intergovernmental Revenue Sharing	69,703	70,131	67,691	2,440
Debt Service:				
Principal	9,229	9,229	9,169	60
Interest and Other Charges	3,447	3,447	3,447	0
Total Expenditures	8,415,785	9,004,737	6,466,357	2,538,380
Excess (Deficiency) of Revenues Over Expenditures	(1,527,630)	(1,681,429)	(2,191,613)	510,184
OTHER FINANCING SOURCES (USES)				
Bonds Issued	16,000	16,000	16,000	0
Transfers In from Other Funds	6,505	1,068,630	1,067,122	1,508
Payments In from Component Units	130,403	155,513	63,474	92,039
Transfers (Out to) Other Funds	(83,072)	(118,651)	(118,651)	0
Payments (Out to) Component Units	(220,380)	(244,735)	(217,832)	(26,903)
Total Other Financing Sources and Uses	(150,544)	876,757	810,113	66,644
Excess (Deficiency) of Revenues, and Other Financing Sources, Over (Under) Expenditures and Other Financing Uses, Budgetary Basis	$ (1,678,174)	$ (804,672)	(1,381,500)	$ 576,828
Reconciliation of Budgetary/ GAAP Reporting:				
Adjust Expenditures for Encumbrances			729,690	
Basis Difference			7,343	
Perspective Difference			(29,798)	
Excess (Deficiency) of Revenues, and Other Financing Sources, Over (Under) Expenditures and Other Financing Uses, GAAP Basis			(674,265)	
Fund Balances - Beginning of Year			4,791,660	
Fund Balances - End of Year			$ 4,117,395	

Note to Required Supplementary Information – Budgetary Reporting
For the Fiscal Year Ended June 30, 2002

The Budgetary Comparison Schedule – General Fund presents comparisons of the original and final adopted budget with actual data on a budgetary basis.

The legislature's legal authorization ("appropriations") to incur obligations is enacted on a basis inconsistent with GAAP. The reconciliation of the budgetary basis to GAAP is shown directly on the Budgetary Comparison Schedule – General Fund. Both the annual operating budget and the net continuing total budget are included.

The types of differences are as follows:

- Encumbrances are included for total authorized expenditures although for GAAP purposes they are excluded.

- There was certain financial activity related to reimbursable services agreements (RSA) and certain interfund transactions that were recorded both in the general fund and in other funds. For budgetary purposes, that activity was left in the general fund, but for GAAP purposes it was eliminated from the general fund.

- Basis differences arise when the budgetary basis of accounting differs from the basis of accounting applicable to fund type when reporting on operations in accordance with GAAP. This difference is comprised of the following in the general fund (in thousands):

Petroleum severance taxes and royalties	$ 11,313
Medical Assistance Program	(3,709)
Tobacco tax	(255)
Alcohol tax	(6)
Total general fund basis difference	7,343

- Perspective differences result from the structure of financial information for budgetary purposes. The Group Health and Life Benefits Fund (Group Health and Life, and Retiree Health) and the Alaska Public Building Fund are established by statute as accounts within the general fund, but must be reported as internal service funds to conform to GAAP. The federal receipts/disbursements for PL 103-382, Title VIII (previously PL 81-874) are budgeted in the general fund but are accounted for as an agency fund.

Group Health and Life	$ (28,764)
Alaska Public Building Fund	(1,631)
Federal receipts for PL 103-382 (Impact Aid)	597
Total general fund perspective difference	(29,798)

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Combining Fund Statements

STATE OF ALASKA **STATEMENT 3.01**
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2002
(Stated in Thousands)

	Special Revenue Funds	Debt Service Fund: Northern Tobacco Securitization Corporation	Permanent Fund: Public School Trust Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and Investments	$ 78,405	$ 29,452	$ 268,361	$ 376,218
Accounts Receivable - Net	5,301		440	5,741
Interest and Dividends Receivable			407	407
Due from Other Funds	368		1,142	1,510
Due from Component Units	5			5
Loans, Notes, and Bonds Receivable			46	46
Other Assets	40			40
Total Assets	$ 84,119	$ 29,452	$ 270,396	$ 383,967
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ 8,849	$	$ 9	$ 8,858
Due to Other Funds	2,054		710	2,764
Deferred Revenues and Advances			302	302
Other Liabilities	319		1	320
Total Liabilities	11,222	0	1,022	12,244
Fund Balances:				
Reserved:				
Encumbrances	25,978		50	26,028
Bonds		29,452		29,452
Other Purposes			252,285	252,285
Unreserved:				
Designated for Continuing Appropriations	16,416		575	16,991
Designated for Other	1,541			1,541
Undesignated	28,962		16,464	45,426
Total Fund Balances	72,897	29,452	269,374	371,723
Total Liabilities and Fund Balances	$ 84,119	$ 29,452	$ 270,396	$ 383,967

STATE OF ALASKA **STATEMENT 3.02**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2002
(Stated in Thousands)

	Special Revenue Funds	Debt Service Fund: Northern Tobacco Securitization Corporation	Permanent Fund: Public School Trust Fund	Total Nonmajor Governmental Funds
REVENUES				
Taxes	$ 30,276	$	$	$ 30,276
Licenses and Permits	26,590			26,590
Charges for Services	339			339
Fines and Forfeitures	225			225
Rents and Royalties	1,686		4,328	6,014
Premiums and Contributions	10,304			10,304
Interest and Investment Income	1,663	1,217	11,325	14,205
Net Increase (Decrease) in the Fair Value of Investments		210	(20,454)	(20,244)
Federal Grants in Aid	16,745			16,745
Nonfederal Grants and Contracts	43			43
Other Revenues	15	19,923		19,938
Total Revenues	87,886	21,350	(4,801)	104,435
EXPENDITURES				
Current:				
General Government	113,580		56	113,636
Education	29,049		11,813	40,862
Health and Human Services	4,450			4,450
Law and Justice			24	24
Public Protection	475			475
Natural Resources	53,309		18	53,327
Development	4,720			4,720
Transportation	1			1
Debt Service:				
Principal		7,495		7,495
Interest and Other Charges		12,431		12,431
Total Expenditures	205,584	19,926	11,911	237,421
Excess (Deficiency) of Revenues Over Expenditures	(117,698)	1,424	(16,712)	(132,986)
OTHER FINANCING SOURCES (USES)				
Bonds Issued	126,790			126,790
Bond Discount	(1,852)			(1,852)
Transfers In from Other Funds	1,277	12,622		13,899
Transfers (Out to) Other Funds	(12,622)			(12,622)
Total Other Financing Sources and Uses	113,593	12,622	0	126,215
Net Change in Fund Balances	(4,105)	14,046	(16,712)	(6,771)
Fund Balances - Beginning of Year	77,002	15,406	286,086	378,494
Fund Balances - End of Year	$ 72,897	$ 29,452	$ 269,374	$ 371,723

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General Fund

The general fund is the state's primary operating fund. All public monies and revenues coming into the state treasury not specifically authorized by statute to be placed in a special fund constitute the general fund. Unlike other funds held in the name of the state, the general fund has become a fundamental component of our fund structure without benefit of formal creation by the Constitution or the Alaska Statutes.

There are several accounts and funds that have been created by law which are considered a part of the general fund. These are treated as subfunds of the general fund and are accounted for as individual funds for accounting purposes but they are included in the general fund for annual financial reporting purposes. The following lists those funds and accounts.

- Alaska Children's Trust Fund (34050) - AS 37.14.200 – Administered by the Department of Health and Social Services, and the Alaska Children's Trust Board established in the Office of the Governor. The income from this endowment is used to provide a continuing source of revenue for grants to community-based programs for the prevention of child abuse and neglect.
- Alaska Debt Retirement Fund (11138) - AS 37.15.011 - The fund consists of all money appropriated to it. The fund was established to help meet the general fund debt obligations of the state and its political subdivisions, to fund lease-purchases, and to finance capital projects with money remaining after debt obligations are paid.
- Alaska Historical Commission Receipts Account (11111) - AS 41.35.380 - Administered by Department of Natural Resources. Consists of all monetary gifts, grants, bequests, royalties, and other income received by the Alaska Historical Commission and is used for commission projects.
- Alaska Marine Highway System Fund (12135) - AS 19.65.060 - Administered by Department of Transportation and Public Facilities, Alaska Marine Highway System. Gross revenues of the Alaska Marine Highway System are deposited into the fund. The fund also consists of legislative appropriations of amounts necessary to provide stable services to the public, after consideration of gross revenue.
- Alaska Marine Highway System Vessel Replacement Fund (11137) - AS 37.05.550 - Managed by Department of Revenue. The fund consists of money appropriated to it by the legislature. The legislature may appropriate money from the fund for refurbishment of existing state ferry vessels, acquisition of additional state ferry vessels, or replacement of retired or outmoded state ferry vessels.
- Alaska Surplus Property Fund (11112) - AS 37.05.500(a)(2), AS 44.68.130 - Administered by Department of Administration. This fund is to account for revenues from the users or purchasers of excess federal property that the state has acquired and is used to pay the administrative expenses incurred in managing this property.
- Alaska Technical and Vocational Education Program Fund (11166) – AS 23.15.830 – Administered by Department of Labor and Workforce Development. The account consists of amounts collected under AS 23.15.835. The legislature may appropriate the annual estimated balance in the account to the Alaska Human Resource Investment Council to implement AS 23.15.820 – 23.15.850. The legislature may appropriate the lapsing balance of the account to the unemployment compensation fund established in AS 23.20.130.
- Alaska Transportation Infrastructure Bank (21653) – Section 350 of the National Highway System Designation Act of 1995 Federal Law – Managed by the Department of Transportation and Public Facilities. This fund was established as a pilot program with the U.S. Department of Transportation to increase infrastructure investment in the private sector. The fund has the ability to make loans and provide other forms of credit assistance to public and private entities to carry out highway construction and transit capital projects.
- Art in Public Places Fund (11124) - AS 44.27.060 - Administered by Alaska State Council on the Arts. This fund consists of one percent of the construction cost of buildings exempt from AS 35.27. The money is used to commission or purchase art for public state-owned or leased buildings or facilities.
- Assistive Technology Loan Guarantee Fund (11154) - AS 23.15.125 - Administered by Department of Labor and Workforce Development, Division of Vocational Rehabilitation (DVR). The fund consists of money appropriated to it. DVR may solicit and accept available public and private money for distribution from the

fund. Money in the fund may be used to guarantee 90 percent of the principal amount of a loan or to subsidize the interest rate of a loan guaranteed by DVR for appropriate assistive technology.

- Constitutional Budget Reserve Fund (33041) - Alaska Constitution, article IX, section 17; AS 37.13 - Administered by the Department of Revenue. All money received by the state as a result of the termination of administrative proceedings or litigation in a state or federal court involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property are deposited in the fund, except for the share of those proceeds that are deposited into the Alaska Permanent Fund.
- Disaster Relief Fund (12125) - AS 26.23.300 - Administered by Office of the Governor and Department of Military and Veterans Affairs. This fund provides resources to alleviate the effects of disasters wherever and whenever they may occur in the state.
- Donated Commodity Fee Fund (11120) - USC 7 CFR, Part 250 - Administered by Department of Education and Early Development. This fund consists of monies from federal agencies and recipients of goods. It is intended to cover the cost of the distribution of federal surplus food to schools, childcare institutions, nonprofit camps for children, charitable institutions for minors, nutrition programs for the elderly, and assistance to needy persons.
- Educational Facilities Maintenance and Construction Fund (11142) - AS 37.05.560 - Money in the fund may be appropriated to finance the design, construction, and maintenance of public school facilities and for maintenance of the University of Alaska facilities.
- Employment Assistance and Training Program Account (11134) -AS 23.15.625 - Administered by Department of Labor and Workforce Development. The account consists of amounts collected under the provision of AS 23.15.630. The annual estimated balance in the account may be appropriated by the legislature to the department to implement AS 23.15.620 - 23.15.660. The legislature may appropriate the lapsing balance of the account to the unemployment compensation fund established in AS 23.20.130.
- Exxon Valdez Oil Spill Unincorporated Rural Community Grant Fund (11161) – AS 44.33.115 – Administered by Department of Community and Economic Development. The department may use the fund to make grants to unincorporated rural communities in the area affected by the Exxon Valdez oil spill for capital projects for purposes of restoring, replacing, or enhancing subsistence resources or services or other services damaged or lost as a result of the Exxon Valdez oil spill.
- FHWA - Airspace Leases Fund (11126) - Section 156 of the Surface Transportation and Uniform Relocation Assistance Act of 1987 requires that the state shall charge fair market value for the sale, use, or lease rentals of right-of-way airspace and that the federal share of these net incomes be used by the state for highway projects. This fund accounts for those revenues. The revenues are available for appropriation by the legislature for highway projects.
- FICA Administration Fund (11110) - AS 39.30.050 - Administered by Department of Administration. The fund consists of the pro rata share of expenses incurred in the administration of 39.30.010 – 39.30.080 and collected from participating political subdivisions and from the state.
- Fuel Emergency Fund (11125) - AS 26.23.400 - Administered by Office of the Governor. This fund is used when the governor determines that a shortage of fuel is sufficiently severe to justify state assistance to make grants to a city or borough, or to a village or unincorporated community to purchase emergency supplies of fuel.
- Fund for the Improvement of School Performance (11145) - AS 14.03.125 - Administered by Department of Education and Early Development. It is used to make grants to a district located in the state for the purpose of improving school performance.
- Major Maintenance Grant Fund (11144) - AS 14.11.007 - Administered by Department of Education and Early Development. The fund is used to make grants for the cost of school major maintenance.
- Municipal Capital Project Matching Grant Fund (11146) - AS 37.06.010 - Administered by Department of Administration. The money in the fund is held by the department in custody for each municipality. Each fiscal year the department allocates individual grants for each municipality.
- Oil and Hazardous Substance Release Prevention Mitigation Account (11139) - AS 46.08.020(b) - Administered by Department of Environmental Conservation. This account consists of money received from other state sources, from federal or other sources, or from a private donor; money recovered or otherwise received from parties responsible for the containment and cleanup of oil or a hazardous substance; and fines, penalties, or damages recovered under AS 46.08.005-46.08.080. The legislature may appropriate the amount

received in this account (during the preceding calendar year) to the prevention account in the Oil and Hazardous Substance Release Prevention and Response Fund.

- Oil and Hazardous Substance Release Response Mitigation Account (11153) - AS 46.08.025(b) - Administered by Department of Environmental Conservation. This account consists of money received from other state sources, from federal or other sources, or from a private donor; money recovered or otherwise received from parties responsible for the containment and cleanup of oil or a hazardous substance at a specific site for which the state expended money from the former oil and hazardous substance release response fund before October 2, 1994, or for which the state expended money from the response account. The legislature may appropriate the amount received in this account (during the preceding calendar year) to the response account in the Oil and Hazardous Substance Release Prevention and Response Fund.
- Oil and Hazardous Substance Release Prevention and Response Fund (11128) - AS 46.08.010 - Administered by Department of Environmental Conservation. This fund is composed of two accounts: (1) the prevention account and (2) the response account. The fund consists of appropriations by the legislature of money from private donors, money recovered from parties responsible for cleanup of oil or a hazardous substance, and fines, penalties, or damages recovered under chapter 46. This money is for the containment and cleanup of oil or a hazardous substance; monitoring, assessing, investigating, and evaluating the release or threatened release of oil or a hazardous substance; and recovery of the cost to the state of the containment and cleanup of oil or a hazardous substance.
- Permanent Fund Dividend Fund (33020) - AS 43.23.045 – Administered by the Department of Revenue. This fund consists of 50 percent of the income earned by the Alaska Permanent Fund during the fiscal year ending on June 30 that is paid out to eligible Alaska residents.
- Railbelt Energy Fund (11123) - AS 37.05.520 - Managed by Department of Revenue. The legislature may appropriate money from the fund for programs, projects, and other expenditures to assist in meeting Railbelt energy needs, including projects for retrofitting state-owned buildings and facilities for energy conservation.
- Randolph-Sheppard Small Business Fund (11118) - AS 23.15.130; 20 USC 107-107(f) - Administered by Department of Education and Early Development. This fund consists of receipts from vending facilities on federal properties and is used to aid only blind licensees in operating vending machine facilities.
- Real Estate Surety Fund (11121) - AS 08.88.450 - Administered by Department of Community and Economic Development. This fund is composed of payments made by real estate licensees under AS 08.88.455 and filing fees under AS 08.88.460, income earned on investment of the money in the fund, and money deposited in the fund under AS 08.88.450(c). Amounts in the fund may be appropriated for claims against the fund, for hearing and legal expenses directly related to fund operations and claims, and real estate educational purposes.
- School Construction Grant Fund (11143) - AS 14.11.005 - Administered by Department of Education and Early Development. The fund shall be used to make grants for the costs of school construction. Legislative appropriations for school construction shall be deposited in the fund and the proceeds from the sale of general obligation bonds for school construction may be deposited in the fund.
- School Trust Land Sales (11162) – Established per Attorney General memo regarding Public School Trust Litigation. Used to separately account for the sales of 21 parcels of public school trust land the status of which is in litigation.
- State Insurance Catastrophe Reserve Account (11133) - AS 37.05.289 - Administered by Department of Administration. Assets of the account may be used to obtain insurance, to establish reserves for the self-insurance program, and to satisfy claims or judgements arising under the program.
- State Land Disposal Income Fund (11164) – AS 38.04.022(a) – Administered by Department of Natural Resources. The fund consists of revenue from the state land disposal program.
- Storage Tank Assistance Fund (11136) - AS 46.03.410 - Administered by Department of Environmental Conservation. The fund consists of money appropriated to it by the legislature. The receipts of the fund may be used for certain costs as defined in AS 46.03.410(a) relating to underground petroleum storage tank systems and for grants and loans.
- TAPS Rebate Fund (11163) – Federal Public Law 101-380, sec. 8102(a)(B)(I). – The federal government has rebated the pro rata share of the federal TAPS (Trans-Alaska Pipeline Liability Fund) to the State of Alaska for its contributions as an owner of oil. The funds are to be used for the remediation of above-ground storage tanks.
- Training and Building Fund (12121) - AS 23.20.130(d) - Administered by Department of Labor and Workforce Development. This fund consists of interest and penalties for failure to file timely reports and pay contributions

to the Unemployment Compensation Fund. It may be used for the administration of the Employment Security Act when federal funds are not available; participation in programs of manpower training; and acquisition of land and buildings for the purpose of providing office space for the department.

- Unincorporated Community Capital Project Matching Grant Fund (11147) - AS 37.06.020 - Administered by Department of Community and Economic Development. This fund was created for unincorporated communities to acquire or improve an asset with an anticipated life exceeding one year and includes land acquisition, construction, repair or structural improvement of a facility, engineering and design for a facility, and acquisition or repair of equipment.
- Vocational Rehabilitation Small Business Enterprise Revolving Fund (11116) - AS 23.15.130 - Administered by Department of Labor and Workforce Development, Division of Vocational Rehabilitation. This fund consists of receipts from the net proceeds of vending facilities on public property. The annual estimated receipts of the fund may be used by the legislature to make appropriations to the department to aid licensees in operating vending machine facilities.
- Workers' Safety and Compensation Administration Account (11173) – AS 23.05.067 – Administered by Department of Labor and Workforce Development. This fund is used to account for the annual service fees collected from employers for the administrative expenses of the state for workers' safety programs under AS 18.60 and the workers' compensation program under AS 23.30.

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STATE OF ALASKA **STATEMENT 3.11**
Combining Balance Sheet
General Fund
June 30, 2002
(Stated in Thousands)

	General Fund	
	Constitutional Budget Reserve Subfund	Permanent Fund Dividend Subfund
ASSETS		
Cash and Investments	$ 2,469,253	$ 21,626
Accounts Receivable - Net		8
Interest and Dividends Receivable		
Due from Other Funds	4,704,790	925,806
Due from Component Units		
Due from Other Governments		248
Loans, Notes, and Bonds Receivable		
Inventories		
Other Assets		26
Total Assets	$ 7,174,043	$ 947,714
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable and Accrued Liabilities	$ 57	$ 4,126
Due to Other Funds	134,312	
Due to Component Units		
Due to Other Governments		
Deferred Revenues and Advances		2
Other Liabilities		3
Total Liabilities	134,369	4,131
Fund Balances:		
Reserved:		
Encumbrances		1,158
Nonliquid Assets	4,572,756	
Other Purposes		
Unreserved:		
Designated for Continuing Appropriations		929
Designated for Other		941,496
Undesignated	2,466,918	
Total Fund Balances	7,039,674	943,583
Total Liabilities and Fund Balances	$ 7,174,043	$ 947,714

STATEMENT 3.11

General and all Other Subfunds	Eliminations of Internal Balances	Total General Fund
$ 723,302	$	$ 3,214,181
167,836		167,844
788		788
168,639	(4,840,338)	958,897
4,188		4,188
307,611		307,859
10,308		10,308
11,871		11,871
15,774		15,800
$ 1,410,317	$ (4,840,338)	$ 4,691,736
$ 420,833	$	$ 425,016
4,760,278	(4,840,338)	54,252
5,623		5,623
339		339
86,110		86,112
2,996		2,999
5,276,179	(4,840,338)	574,341
191,523		192,681
32,350		4,605,106
21,349		21,349
256,783		257,712
204,889		1,146,385
(4,572,756)		(2,105,838)
(3,865,862)	0	4,117,395
$ 1,410,317	$ (4,840,338)	$ 4,691,736

STATE OF ALASKA **STATEMENT 3.12**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Year Ended June 30, 2002
(Stated in Thousands)

	General Fund	
	Constitutional Budget Reserve Subfund	Permanent Fund Dividend Subfund
REVENUES		
Taxes	$ 54,325	$
Licenses and Permits		
Charges for Services		302
Fines and Forfeitures	267	33
Rents and Royalties	193	
Premiums and Contributions		
Interest and Investment Income	175,088	
Net Increase (Decrease) in the Fair Value of Investments	(17,370)	
Federal Grants in Aid		362
Other Revenues		70
Total Revenues	212,503	767
EXPENDITURES		
Current:		
General Government	125	5,353
Alaska Permanent Fund Dividend		1,086,362
Education		
University		
Health and Human Services		11,169
Law and Justice		
Public Protection		9,410
Natural Resources		
Development		
Transportation		
Intergovernmental Revenue Sharing		
Debt Service:		
Principal		
Interest and Other Charges		
Total Expenditures	125	1,112,294
Excess (Deficiency) of Revenues Over Expenditures	212,378	(1,111,527)
OTHER FINANCING SOURCES (USES)		
Bonds Issued		
Transfers In from Other Funds	125	925,806
Payments In from Component Units		
Transfers (Out to) Other Funds		
Payments (Out to) Component Units		
Total Other Financing Sources and Uses	125	925,806
Net Change in Fund Balances	212,503	(185,721)
Fund Balances - Beginning of Year	6,827,171	1,129,304
Fund Balances - End of Year	$ 7,039,674	$ 943,583

STATEMENT 3.12

General and all Other Subfunds	Eliminations of Internal Balances	Total General Fund
$ 935,277	$	$ 989,602
63,459		63,459
156,817		157,119
11,412		11,712
603,196		603,389
9,308		9,308
29,961		205,049
17,370		0
1,535,587		1,535,949
134,705		134,775
3,497,092	0	3,710,362
236,341		241,819
		1,086,362
932,854		932,854
1,644		1,644
1,388,650		1,399,819
117,624		117,624
400,115		409,525
145,705		145,705
120,506		120,506
650,677		650,677
65,198		65,198
9,169		9,169
3,447		3,447
4,071,930	0	5,184,349
(574,838)	0	(1,473,987)
16,000		16,000
22,122	(125)	947,928
63,474		63,474
(5,060)	125	(4,935)
(216,489)		(216,489)
(119,953)	0	805,978
(694,791)	0	(668,009)
(3,171,071)		4,785,404
$ (3,865,862)	$ 0	$ 4,117,395

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Nonmajor Special Revenue Funds

Special revenue funds account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The following are the state's special revenue funds.

- Second Injury Fund (11117) - AS 23.30.040 - Administered by Department of Labor and Workforce Development. The second injury fund consists of all amounts collected under AS 23.30.040(b) and (c), and as civil penalties under AS 23.30.155(c). Money in the fund may only be paid for the benefit of those persons entitled to payment of benefits from the Second Injury Fund under AS 23.30.
- Fishermen's Fund (11119) - AS 23.35.060 - Administered by Department of Labor and Workforce Development. This fund is composed of 39 percent of the money derived by the state from all commercial fishermen's licenses and money appropriated by the legislature to pay for emergency treatment, transportation, medical care, and hospitalization of commercial fishermen.
- Fish and Game Fund (12122) - AS 16.05.100 - Administered by Department of Fish and Game. Statutory revenue in this fund can only be used for the purpose of protection, propagation, investigation, and restoration of sport fish and game resources and the expenses of administering the sport fish and wildlife divisions of Department of Fish and Game. These monies are received from the sale of state sport fishing and hunting licenses and special permits; sale of furs, skins, and specimens taken by predator hunters; money received in settlement of a claim or loss caused by damage to fish and game purposes; and donations. In addition to the statutory revenues, federal revenues, crewmember license fees, and other sources are appropriated to the fund for purposes related to fish and wildlife.
- School Fund (12123) - AS 43.50.140 - Administered by Department of Revenue and Department of Education and Early Development. This fund receives the revenue from the payment of cigarette taxes, fees, and penalties. It can only be used to rehabilitate, construct, and repair the state's school facilities, and for costs of insurance on buildings comprising school facilities.
- National Petroleum Reserve Fund (12131) - AS 37.05.530 - Administered by Department of Community and Economic Development. This fund consists of all money disbursed to the state by the federal government under 42 U.S.C. 6508 since December 12, 1980, less the amount deposited in the general fund and expended by the state by general fund appropriations before June 9, 1984. The monies are spent by municipalities to alleviate the impact from oil and gas development within the National Petroleum Reserve.
- Reclamation Bonding Pool Fund (12132) - AS 27.19.040 - Administered by Department of Natural Resources. A miner is required to have an approved reclamation plan and to file a performance bond before mining operations may commence. This fund is established as a statewide bonding pool as an alternative to individual performance bonds.
- Clean Air Protection Fund (12133) - AS 46.14.260 and Federal Clean Air Act - Administered by Department of Environmental Conservation. The fund is established to collect and account for permit fees under the federal clean air act. Monies collected may only be used to cover reasonable costs required to support the permit program.
- Exxon Valdez Oil Spill Restoration Fund (11140) - U.S. District Court judgement in the criminal case U.S. v. Exxon Shipping Company and Exxon Corporation resulted in $50 million restitution being received by the state to be used exclusively for restoration projects related to the Exxon Valdez oil spill. Administered by the Department of Revenue.
- Alyeska Settlement Trust Fund (33080) - Consent Decree between the United States, the State of Alaska, and Alyeska Pipeline Service Company – Administered by the Department of Revenue. The fund was created for the purpose of receiving, holding, and disbursing settlement proceeds from Alyeska under the Consent Decree. The funds are to be used to clean up oil spills and for other projects specified in the Consent Decree.
- Exxon Valdez Settlement Trust Fund (33070) - AS 37.14.400 - Memorandum of Agreement and Consent Decree between the United States (U.S.) and the State of Alaska to maximize the funds available for restoration

of natural resources and to resolve the governments' claims against one another relating to the Exxon Valdez Oil Spill, which occurred on the night of March 23-24, 1989, in Prince William Sound, Alaska. The funds are administered by the trustee council which consists of the Secretaries of the U.S. Departments of the Interior and Agriculture and the Administrator of the National Oceanic and Atmospheric Administration (the federal trustees) and the Commissioners of the Departments of Environmental Conservation and Fish & Game and the Attorney General of the State of Alaska (State trustees). The trustee council determines which projects shall be financed by monies from the trust. The Exxon Valdez Settlement Trust Fund established in the state accounting system accounts for those monies transferred to the state for projects approved by the trustee council. These projects are for the purpose of restoring, replacing, enhancing, rehabilitating, or acquiring the equivalent of natural resources injured, lost, or destroyed as a result of the oil spill.

- Northern Tobacco Securitization Corporation [NTSC] Fund (21664) - AS 18.56.086 – Subsidiary of Alaska Housing Finance Corporation (AHFC). The purpose of this fund is to purchase Tobacco Settlement Revenues from the state in order to provide financing of construction of public school facilities, facilities for the University of Alaska, public housing facilities of AHFC and facilities for ports and harbors. NTSC is authorized to issue bonds necessary to provide sufficient funds for carrying out its purpose.

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STATE OF ALASKA **STATEMENT 3.21**
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2002
(Stated in Thousands)

	Second Injury	Fishermen's	Fish and Game	School	National Petroleum Reserve
ASSETS					
Cash and Investments	$ 1,872	$ 11,495	$ 11,687	$ 7,831	$ 24,170
Accounts Receivable - Net	18	1	2,285	2,997	
Due from Other Funds		325	31		
Due from Component Units					
Other Assets			40		
Total Assets	$ 1,890	$ 11,821	$ 14,043	$ 10,828	$ 24,170
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	$ 262	$ 104	$ 2,157	$ 5,563	$ 217
Due to Other Funds	38		1,420		
Other Liabilities					
Total Liabilities	300	104	3,577	5,563	217
Fund Balances:					
Reserved:					
Encumbrances			1,200		21,233
Unreserved:					
Designated for Continuing Appropriations			2,642		
Designated for Other					1,034
Undesignated	1,590	11,717	6,624	5,265	1,686
Total Fund Balances	1,590	11,717	10,466	5,265	23,953
Total Liabilities and Fund Balances	$ 1,890	$ 11,821	$ 14,043	$ 10,828	$ 24,170

Reclamation Bonding Pool	Clean Air Protection	Exxon Valdez Oil Spill Restoration	Alyeska Settlement Trust	Exxon Valdez Settlement Trust	Northern Tobacco Securitization Corporation	Total Nonmajor Special Revenue Funds
$ 989	$ 731	$ 4,773	$ 7,594	$ 6,761	$ 502	$ 78,405
						5,301
			12			368
					5	5
						40
$ 989	$ 731	$ 4,773	$ 7,606	$ 6,761	$ 507	$ 84,119
$	$	$ 89	$	$ 457	$	$ 8,849
	449	90		57		2,054
319						319
319	449	179	0	514	0	11,222
		869	201	2,475		25,978
		3,318	6,684	3,772		16,416
					507	1,541
670	282	407	721			28,962
670	282	4,594	7,606	6,247	507	72,897
$ 989	$ 731	$ 4,773	$ 7,606	$ 6,761	$ 507	$ 84,119

STATE OF ALASKA **STATEMENT 3.22**
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2002
(Stated in Thousands)

	Second Injury	Fishermen's	Fish and Game	School	National Petroleum Reserve
REVENUES					
Taxes	$	$	$	$ 30,276	$
Licenses and Permits		1,080	23,355		
Charges for Services			292		
Fines and Forfeitures	158		67		
Rents and Royalties					1,686
Premiums and Contributions	2,877				
Interest and Investment Income			637		
Federal Grants in Aid			16,745		
Nonfederal Grants and Contracts			43		
Other Revenues			15		
Total Revenues	3,035	1,080	41,154	30,276	1,686
EXPENDITURES					
Current:					
General Government			1,283	121	
Education				29,049	
Health and Human Services	3,142	811			
Public Protection					
Natural Resources			41,874		
Development					4,680
Transportation					
Total Expenditures	3,142	811	43,157	29,170	4,680
Excess (Deficiency) of Revenues Over Expenditures	(107)	269	(2,003)	1,106	(2,994)
OTHER FINANCING SOURCES (USES)					
Bonds Issued					
Bond Discount					
Transfers In from Other Funds			1,277		
Transfers (Out to) Other Funds					
Total Other Financing Sources and Uses	0	0	1,277	0	0
Net Change in Fund Balances	(107)	269	(726)	1,106	(2,994)
Fund Balances - Beginning of Year	1,697	11,448	11,192	4,159	26,947
Fund Balances - End of Year	$ 1,590	$ 11,717	$ 10,466	$ 5,265	$ 23,953

Reclamation Bonding Pool	Clean Air Protection	Exxon Valdez Oil Spill Restoration	Alyeska Settlement Trust	Exxon Valdez Settlement Trust	Northern Tobacco Securitization Corporation	Total Nonmajor Special Revenue Funds
$	$	$	$	$	$	$ 30,276
	2,155					26,590
47						339
						225
						1,686
				7,427		10,304
		256	362	408		1,663
						16,745
						43
						15
47	2,155	256	362	7,835	0	87,886
				69	112,107	113,580
						29,049
		331		166		4,450
		475				475
	2,113	292		9,030		53,309
		40				4,720
			1			1
0	2,113	1,138	1	9,265	112,107	205,584
47	42	(882)	361	(1,430)	(112,107)	(117,698)
					126,790	126,790
					(1,852)	(1,852)
						1,277
					(12,622)	(12,622)
0	0	0	0	0	112,316	113,593
47	42	(882)	361	(1,430)	209	(4,105)
623	240	5,476	7,245	7,677	298	77,002
$ 670	$ 282	$ 4,594	$ 7,606	$ 6,247	$ 507	$ 72,897

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Nonmajor Enterprise Funds

Enterprise funds account for business-like state activities that provide goods and/or services to the public and are financed primarily through user charges. The following are the state's enterprise funds.

Commercial Assistance Enterprise Funds

- Alaska World War II Veterans' Revolving Fund (21605) - AS 26.15.090 - Administered by Department of Community and Economic Development (DCED). The fund was created for the purpose of making home, education, or personal loans to eligible veterans. However, no loans are currently being made from the fund.
- Small Business Revolving Loan Fund (21607) - AS 45.95.060 - Administered by DCED. AS 45.95 authorizes the Commissioner of DCED to make small business loans. Loans may be used to acquire, finance, or refinance or equip businesses, which includes mining, fishing, and farming equipment.
- Commercial Fishing Revolving Loan Fund (21608) - AS 16.10.340 - Administered by DCED. The purpose of the fund is to promote the development and continued maintenance of commercial fishing gear and vessels by means of long-term, low interest loans.
- Child Care Facility Revolving Loan Fund (21612) - AS 44.33.240 - Administered by DCED. The purpose of this fund is to make loans for the construction, renovation, and equipping of child care facilities in order to enable such facilities to comply with the requirements for certification by the Department of Education and Early Development or for licensing by the Department of Health and Social Services.
- Historical District Revolving Loan Fund (21614) - AS 45.98.010 - Administered by DCED. The purpose of this fund is to make loans for the restoration or rehabilitation of structures within the boundaries of a historical district. These structures are identified as important to state or national history and are suitable for superficial modification to conform to the period or motif of the surrounding area.
- Fisheries Enhancement Revolving Loan Fund (21615) - AS 16.10.505 - Administered by DCED. The purpose of this fund is to promote the enhancement of the state's fisheries by means of long-term, low interest loans for salmon hatchery planning, construction, and operation.
- Mining Revolving Loan Fund (21625) - AS 27.09.010 - Administered by DCED. This fund consists of money appropriated by the legislature for loans to underwrite advanced mineral exploration, development, or mining.

Energy Assistance Enterprise Funds

- Alternative Energy Revolving Loan Fund (21619) - AS 45.88.010 - Administered by DCED. This fund consists of monies appropriated by the legislature for the purpose of developing energy production from sources other than fossil or nuclear fuel.
- Residential Energy Conservation Fund (21623) - AS 45.89.010 - Administered by DCED. This fund consists of money appropriated by the legislature for refunds, grants, and loans to purchase, construct, or install energy conservation improvements.

Other Agencies Enterprise Funds

- Alcoholism and Drug Abuse Revolving Loan Fund (21642) - AS 44.29.210 - Administered by Department of Health and Social Services. This fund is required under 42 U.S.C. 300x-4a to qualify the state to receive block grant money from the United States Department of Health and Human Services under 42 U.S.C. 300x – 2. Money in the fund may be used to make loans to private nonprofit organizations for the cost of establishing programs to help pay the living expenses of individuals recovering from alcohol or drug abuse who may reside in groups.
- Rural Economic Development Initiative Fund (21644) - AS 44.33.765 - Administered by Department of Community and Economic Development. The purpose of the fund is to provide loans of up to $100,000 to communities with a population of 5,000 or less. The loans may be used for working capital, equipment, construction, or other commercial purposes.
- International Airports Fund (21602) - AS 37.15.410-550 - Administered by the Department of Transportation and Public Facilities. This fund consists of all revenues, fees, charges, and rentals derived by the state from the ownership, lease, use, and operation of the airports.
- Agricultural Revolving Loan Fund (21606) - AS 03.10.040 - Administered by the Department of Natural Resources. The Alaska Agricultural Loan Act is a declaration of policy to promote the development of agriculture as an industry throughout the state by means of long-term low interest loans. The Agricultural Revolving Loan Fund was created to fulfill this purpose.
- Unemployment Compensation Fund (33030) – AS 23.20.130 - Administered by the Department of Labor and Workforce Development. This federal trust fund is established and maintained in the U.S. Treasury. It is used to account for unemployment contributions from employers and unemployment benefits paid to eligible claimants.
- Alaska Clean Water Fund (21658) - AS 46.03.032 - Administered by Department of Environmental Conservation. This fund consists of money appropriated by the legislature to meet federal matching requirements for public water and sewage treatment facilities.
- Alaska Clean Water Administrative Fund (11167) – AS 46.03.034 – Administered by Department of Environmental Conservation. The fund is composed of two accounts, the Alaska clean water administrative operating account; and the Alaska clean water administrative income account. The administrative operating account may be used for operational and administrative costs to manage the Alaska Clean Water Fund (AS 46.03.032). Money received in payment of fees in connection with making and servicing loans from the Alaska Clean Water Fund and earnings on the administrative fund shall be deposited in the administrative income account.
- Alaska Drinking Water Fund (21659) - AS 46.03.036 - Administered by Department of Environmental Conservation. The fund consists of federal capitalization grant. The capitalization grant is divided between two purposes: part of each capitalization grant is to be deposited into the DWF for providing loans for drinking water infrastructure projects; the other part is to be used for set-side or nonproject activities. Set aside funds must be maintained in a separate account from the project fund.
- Alaska Drinking Water Administrative Fund (11170) – AS 46.03.038 – Administered by Department of Environmental Conservation. The fund is composed of two accounts, the Alaska drinking water administrative operating account; and the Alaska drinking water administrative income account. The administrative operating account may be used for operational and administrative costs to manage the Alaska Drinking Water Fund (AS 46.03.036). Money received in payment of fees in connection with making and servicing loans from the Alaska Drinking Water Fund and earnings on the administrative fund shall be deposited in the administrative income account.

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STATE OF ALASKA **STATEMENT 4.01**
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2002
(Stated in Thousands)

	Commercial Assistance	Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
ASSETS				
Current Assets:				
Cash and Investments	$ 43,647	$ 448	$ 400,206	$ 444,301
Accounts Receivable - Net	1,001		19,768	20,769
Interest and Dividends Receivable	8,851	2	2,651	11,504
Due from Other Funds			334	334
Due from Other Governments			458	458
Loans, Notes, and Bonds Receivable	5,593	4	4,399	9,996
Total Current Assets	59,092	454	427,816	487,362
Noncurrent Assets:				
Interest and Dividends Receivable	26,286			26,286
Loans, Notes, and Bonds Receivable	116,579	141	117,848	234,568
Repossessed Property	378		2,360	2,738
Investment in Projects, Partnerships, or Corporations			7,682	7,682
Restricted Assets			277,359	277,359
Other Noncurrent Assets			3,906	3,906
Capital Assets:				
Equipment, Net of Depreciation			12,239	12,239
Buildings, Net of Depreciation			188,871	188,871
Infrastructure, Net of Depreciation			154,563	154,563
Land			28,414	28,414
Construction in Progress			88,663	88,663
Total Noncurrent Assets	143,243	141	881,905	1,025,289
Total Assets	202,335	595	1,309,721	1,512,651
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	111		11,094	11,205
Due to Other Funds	465	146	24,913	25,524
Due to Other Governments			4,871	4,871
Interest Payable			4,582	4,582
Deferred Revenues and Advances			3,829	3,829
Notes, Bonds, and Leases Payable			6,300	6,300
Other Current Liabilities	83	1	223	307
Total Current Liabilities	659	147	55,812	56,618
Noncurrent Liabilities:				
Notes, Bonds, and Leases Payable			356,074	356,074
Other Noncurrent Liabilities			25	25
Total Noncurrent Liabilities	0	0	356,099	356,099
Total Liabilities	659	147	411,911	412,717
NET ASSETS				
Invested in Capital Assets, Net of Related Debt			370,663	370,663
Restricted for:				
Unemployment Compensation			223,583	223,583
Debt Service			7,869	7,869
Other Purposes			186,157	186,157
Unrestricted	201,676	448	109,538	311,662
Total Net Assets	$ 201,676	$ 448	$ 897,810	$ 1,099,934

STATE OF ALASKA **STATEMENT 4.02**
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2002
(Stated in Thousands)

	Commercial Assistance	Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Premiums and Contributions	$	$	$ 135,095	$ 135,095
Charges for Goods and Services	442		67,665	68,107
Interest and Investment Income	9,888	17	1,964	11,869
Allowance for Uncollectible Interest	(2,692)			(2,692)
Fines and Forfeitures	115	1	11	127
Federal Grants in Aid			16,506	16,506
Other Operating Revenues			685	685
Total Operating Revenues	7,753	18	221,926	229,697
OPERATING EXPENSES				
Benefits			150,116	150,116
Operating	3,106	152	48,830	52,088
Depreciation			20,011	20,011
Provision for Loan Losses and Forgiveness	10,819	(35)	(112)	10,672
Other Operating Expenses			206	206
Total Operating Expenses	13,925	117	219,051	233,093
Operating Income (Loss)	(6,172)	(99)	2,875	(3,396)
NONOPERATING REVENUES (EXPENSES)				
Interest and Investment Income			23,048	23,048
Interest and Investment Expense			(1,203)	(1,203)
Other Nonoperating Revenues (Expenses)			559	559
Total Nonoperating Revenues (Expenses)	0	0	22,404	22,404
Income Before Capital Contributions and Transfers	(6,172)	(99)	25,279	19,008
Capital Contributions			35,928	35,928
Payments In from Component Units			652	652
Payments (Out to) Component Units			(1,304)	(1,304)
Transfers In from Other Funds			761	761
Transfers (Out to) Other Funds	(389)	(34)	(1,877)	(2,300)
Change in Net Assets	(6,561)	(133)	59,439	52,745
Total Net Assets - Beginning of Year	208,237	581	838,371	1,047,189
Total Net Assets - End of Year	$ 201,676	$ 448	$ 897,810	$ 1,099,934

STATE OF ALASKA **STATEMENT 4.03**
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2002
(Stated in Thousands)

	Commercial Assistance	Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Other Governments	$	$	$ 16,529	$ 16,529
Receipts from Customers			67,970	67,970
Receipt of Principal from Loan Recipients	15,749	167	8,158	24,074
Receipt of Interest and Fees from Loan Recipients	5,852	18	2,817	8,687
Receipts from Insured			134,803	134,803
Payments to Employees			(29,383)	(29,383)
Payments to Suppliers			(15,134)	(15,134)
Payments to Loan Recipients	(6,997)		(17,684)	(24,681)
Claims Paid			(137,902)	(137,902)
Interfund Services Used	(3,201)	(116)		(3,317)
Other Receipts	68		28	96
Other Payments	(370)		1,378	1,008
Net Cash Provided (Used) by Operating Activities	11,101	69	31,580	42,750
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating Subsidies and Transfers (Out to) Other Funds	(175)		(1,877)	(2,052)
Operating Subsidies and Transfers In from Other Funds			761	761
Payments (Out to) Component Units			(1,107)	(1,107)
Payments In from Component Units			652	652
Federal Grants			12,532	12,532
Proceeds from Issuance of Short-term Debt			2,388	2,388
Payments on Short-term Debt			(2,388)	(2,388)
Interest and Fees Paid on Borrowing			(13)	(13)
Net Cash Provided (Used) by Noncapital Financing Activities	(175)	0	10,948	10,773
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets			(70,434)	(70,434)
Proceeds from Capital Debt			135,398	135,398
Interest and Fees Paid on Capital Debt			(11,567)	(11,567)
Federal Grants			19,384	19,384
Other Receipts (Payments)			4,632	4,632
Net Cash Provided (Used) by Capital and Related Financing Activities	0	0	77,413	77,413
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sales/Maturities of Investments			5,000	5,000
Purchase of Investments			(4,966)	(4,966)
Interest and Dividends on Investments			32,390	32,390
Change in Restricted Cash and Investments			(124,136)	(124,136)
Net Cash Provided (Used) by Investing Activities	0	0	(91,712)	(91,712)
Net Increase (Decrease) in Cash	10,926	69	28,229	39,224
Cash and Cash Equivalents - Beginning of Year	32,721	379	286,676	319,776
Cash and Cash Equivalents - End of Year	$ 43,647	$ 448	$ 314,905	$ 359,000

This statement continued on the next page.

STATE OF ALASKA **STATEMENT 4.03**
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2002
(Stated in Thousands)

	Commercial Assistance	Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ (6,172)	$ (99)	$ 2,875	$ (3,396)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization			20,011	20,011
Other Reconciling Items			424	424
Net Changes in Assets and Liabilities:				
Accounts Receivable - Net	(161)		(785)	(946)
Due From Other Funds			(131)	(131)
Due From Other Governments			160	160
Loans, Notes and Bonds Receivable - Net	19,265	133	(8,858)	10,540
Interest and Dividends Receivable - Net	(1,506)		452	(1,054)
Other Assets	(192)		(560)	(752)
Due to Other Funds	37	36	12,243	12,316
Due to Other Governments			(548)	(548)
Accounts Payable and Accrued Liabilities	(170)	(1)	6,285	6,114
Other Liabilities			12	12
Net Cash Provided (Used) by Operating Activities	$ 11,101	$ 69	$ 31,580	$ 42,750
Reconciliation of Cash to the Statement of Net Assets:				
Total Cash and Investments per the Statement of Net Assets	$ 43,647	$ 448	$ 400,206	$ 444,301
Less: Investments not Meeting the Definition of Cash or Cash Equivalents			(85,301)	(85,301)
Cash, End of Year	$ 43,647	$ 448	$ 314,905	$ 359,000
Noncash Investing, Capital, and Financing Activities:				
Transfers (Out to) Other Funds (Accrual)	(214)	(34)		(248)

STATE OF ALASKA **STATEMENT 4.11**
Combining Statement of Net Assets
Commercial Assistance Enterprise Funds
June 30, 2002
(Stated in Thousands)

	World War II Veterans' Revolving Loan	Small Business Revolving Loan	Commercial Fishing Revolving Loan
ASSETS			
Current Assets:			
Cash and Investments	$ 300	$ 383	$ 25,239
Accounts Receivable - Net	199		802
Interest and Dividends Receivable	9		3,608
Loans, Notes, and Bonds Receivable			5,593
Total Current Assets	508	383	35,242
Noncurrent Assets:			
Interest and Dividends Receivable			3,223
Loans, Notes, and Bonds Receivable	92	80	59,511
Repossessed Property			378
Total Noncurrent Assets	92	80	63,112
Total Assets	600	463	98,354
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	76		35
Due to Other Funds	73	133	181
Other Current Liabilities	1		82
Total Liabilities	150	133	298
NET ASSETS			
Unrestricted	450	330	98,056
Total Net Assets	$ 450	$ 330	$ 98,056

Child Care Facilities Loan	Historical Districts Revolving Loan	Fisheries Enhancement Revolving Loan	Mining Revolving Loan	Total Commercial Assistance Enterprise Funds
$ 131	$ 140	$ 17,197	$ 257	$ 43,647
				1,001
	1	5,232	1	8,851
				5,593
131	141	22,429	258	59,092
		23,063		26,286
55	326	56,429	86	116,579
				378
55	326	79,492	86	143,243
186	467	101,921	344	202,335
				111
31	40		7	465
				83
31	40	0	7	659
155	427	101,921	337	201,676
$ 155	$ 427	$ 101,921	$ 337	$ 201,676

STATE OF ALASKA **STATEMENT 4.12**
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Commercial Assistance Enterprise Funds
For the Year Ended June 30, 2002
(Stated in Thousands)

	World War II Veterans' Revolving Loan	Small Business Revolving Loan	Commercial Fishing Revolving Loan
OPERATING REVENUES			
Charges for Goods and Services	$ 21	$	$ 402
Interest and Investment Income	24	91	5,118
Allowance for Uncollectible Interest			(1,385)
Fines and Forfeitures	5		110
Total Operating Revenues	50	91	4,245
OPERATING EXPENSES			
Operating	70	3	2,688
Provision for Loan Losses and Forgiveness	(6)		11,795
Total Operating Expenses	64	3	14,483
Operating Income (Loss)	(14)	88	(10,238)
NONOPERATING REVENUES (EXPENSES)			
Transfers (Out to) Other Funds	(3)	(133)	(175)
Change in Net Assets	(17)	(45)	(10,413)
Total Net Assets - Beginning of Year	467	375	108,469
Total Net Assets - End of Year	$ 450	$ 330	$ 98,056

Child Care Facilities Loan	Historical Districts Revolving Loan	Fisheries Enhancement Revolving Loan	Mining Revolving Loan	Total Commercial Assistance Enterprise Funds
$	$	$ 19	$	$ 442
22	26	4,599	8	9,888
		(1,307)		(2,692)
				115
22	26	3,311	8	7,753
6	2	332	5	3,106
	6	(976)		10,819
6	8	(644)	5	13,925
16	18	3,955	3	(6,172)
(31)	(40)		(7)	(389)
(15)	(22)	3,955	(4)	(6,561)
170	449	97,966	341	208,237
$ 155	$ 427	$ 101,921	$ 337	$ 201,676

STATE OF ALASKA **STATEMENT 4.13**
Combining Statement of Cash Flows
Commercial Assistance Enterprise Funds
For the Year Ended June 30, 2002
(Stated in Thousands)

	World War II Veterans' Revolving Loan	Small Business Revolving Loan	Commercial Fishing Revolving Loan
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts of Principal from Loan Recipients	$ 100	$ 45	$ 8,250
Receipt of Interest and Fees from Loan Recipients	42	91	5,279
Payments to Loan Recipients			(6,235)
Interfund Services Used	(93)	(22)	(2,639)
Other Receipts			68
Other Payments			(370)
Net Cash Provided (Used) by Operating Activities	49	114	4,353
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Subsidies and Transfers (Out to) Other Funds			(175)
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	(175)
Net Increase (Decrease) in Cash	49	114	4,178
Cash and Cash Equivalents - Beginning of Year	251	269	21,061
Cash and Cash Equivalents - End of Year	$ 300	$ 383	$ 25,239
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ (14)	$ 88	$ (10,238)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Net Changes in Assets and Liabilities:			
Accounts Receivable - Net	8		(169)
Loans, Notes and Bonds Receivable - Net	82	45	13,531
Interest and Dividends Receivable - Net	(8)		1,414
Other Assets			(192)
Due to Other Funds	(23)	(19)	181
Accounts Payable and Accrued Liabilities	4		(174)
Net Cash Provided (Used) by Operating Activities	$ 49	$ 114	$ 4,353
Reconciliation of Cash to the Statement of Net Assets:			
Total Cash and Investments per the Statement of Net Assets	$ 300	$ 383	$ 25,239
Cash, End of Year	$ 300	$ 383	$ 25,239
Noncash Investing, Capital, and Financing Activities:			
Transfers (Out to) Other Funds (Accrual)	$ (3)	$ (133)	$

Child Care Facilities Loan	Historical Districts Revolving Loan	Fisheries Enhancement Revolving Loan	Mining Revolving Loan	Total Commercial Assistance Enterprise Funds
$ 15	$ 16	$ 7,318	$ 5	$ 15,749
22	26	385	7	5,852
		(762)		(6,997)
(49)	(41)	(332)	(25)	(3,201)
				68
				(370)
(12)	1	6,609	(13)	11,101
				(175)
0	0	0	0	(175)
(12)	1	6,609	(13)	10,926
143	139	10,588	270	32,721
$ 131	$ 140	$ 17,197	$ 257	$ 43,647
$ 16	$ 18	$ 3,955	$ 3	$ (6,172)
				(161)
	22	5,580	5	19,265
15		(2,926)	(1)	(1,506)
				(192)
(43)	(39)		(20)	37
				(170)
$ (12)	$ 1	$ 6,609	$ (13)	$ 11,101
$ 131	$ 140	$ 17,197	$ 257	$ 43,647
$ 131	$ 140	$ 17,197	$ 257	$ 43,647
(31)	(40)		(7)	(214)

STATE OF ALASKA **STATEMENT 4.21**
Combining Statement of Net Assets
Energy Assistance Enterprise Funds
June 30, 2002
(Stated in Thousands)

	Alternative Energy Revolving Loan	Residential Energy Conservation	Total Energy Assistance Enterprise Funds
ASSETS			
Current Assets:			
Cash and Investments	$ 447	$ 1	$ 448
Interest and Dividends Receivable	2		2
Loans, Notes, and Bonds Receivable	4		4
Total Current Assets	453	1	454
Noncurrent Assets:			
Loans, Notes, and Bonds Receivable	141		141
Total Assets	594	1	595
LIABILITIES			
Current Liabilities:			
Due to Other Funds	146		146
Other Current Liabilities	1		1
Total Liabilities	147	0	147
NET ASSETS			
Unrestricted	447	1	448
Total Net Assets	$ 447	$ 1	$ 448

STATE OF ALASKA **STATEMENT 4.22**

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Energy Assistance Enterprise Funds
For the Year Ended June 30, 2002
(Stated in Thousands)

	Alternative Energy Revolving Loan	Residential Energy Conservation	Total Energy Assistance Enterprise Funds
OPERATING REVENUES			
Interest and Investment Income	$ 17	$	$ 17
Fines and Forfeitures	1		1
Total Operating Revenues	18	0	18
OPERATING EXPENSES			
Operating	152		152
Provision for Loan Losses and Forgiveness	(35)		(35)
Total Operating Expenses	117	0	117
Operating Income (Loss)	(99)	0	(99)
NONOPERATING REVENUES (EXPENSES)			
Transfers (Out to) Other Funds	(34)		(34)
Change in Net Assets	(133)	0	(133)
Total Net Assets - Beginning of Year	580	1	581
Total Net Assets - End of Year	$ 447	$ 1	$ 448

STATE OF ALASKA **STATEMENT 4.23**
Combining Statement of Cash Flows
Energy Assistance Enterprise Funds
For the Year Ended June 30, 2002
(Stated in Thousands)

	Alternative Energy Revolving Loan	Residential Energy Conservation	Total Energy Assistance Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts of Principal from Loan Recipients	$ 167	$	$ 167
Receipt of Interest and Fees from Loan Recipients	18		18
Interfund Services Used	(116)		(116)
Net Cash Provided (Used) by Operating Activities	69	0	69
Net Increase (Decrease) in Cash	69	0	69
Cash and Cash Equivalents - Beginning of Year	378	1	379
Cash and Cash Equivalents - End of Year	$ 447	$ 1	$ 448
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ (99)	$	$ (99)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Net Changes in Assets and Liabilities:			
Loans, Notes and Bonds Receivable - Net	133		133
Due to Other Funds	36		36
Accounts Payable and Accrued Liabilities	(1)		(1)
Net Cash Provided (Used) by Operating Activities	$ 69	$ 0	$ 69
Reconciliation of Cash to the Statement of Net Assets:			
Total Cash and Investments per the Statement of Net Assets	$ 447	$ 1	$ 448
Cash, End of Year	$ 447	$ 1	$ 448
Noncash Investing, Capital, and Financing Activities:			
Transfers(Out to) Other Funds (Accrual)	(34)		(34)

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STATE OF ALASKA **STATEMENT 4.31**
Combining Statement of Net Assets
Other Agencies Enterprise Funds
June 30, 2002
(Stated in Thousands)

	Alcoholism and Drug Abuse Revolving Loan	Rural Economic Development Initiative	International Airports
ASSETS			
Current Assets:			
Cash and Investments	$ 182	$	$ 104,631
Accounts Receivable - Net			10,064
Interest and Dividends Receivable			199
Due from Other Funds			
Due from Other Governments			
Loans, Notes, and Bonds Receivable			
Total Current Assets	182	0	114,894
Noncurrent Assets:			
Loans, Notes, and Bonds Receivable			
Repossessed Property			
Investment in Projects, Partnerships, or Corporations			
Restricted Assets			277,359
Other Noncurrent Assets			
Capital Assets:			
Equipment, Net of Depreciation			12,239
Buildings, Net of Depreciation			188,871
Infrastructure, Net of Depreciation			154,563
Land			28,414
Construction in Progress			88,663
Total Noncurrent Assets	0	0	750,109
Total Assets	182	0	865,003
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities			5,942
Due to Other Funds	2		23,134
Due to Other Governments			
Interest Payable			4,582
Deferred Revenues and Advances			3,829
Notes, Bonds, and Leases Payable			6,300
Other Current Liabilities			
Total Current Liabilities	2	0	43,787
Noncurrent Liabilities:			
Notes, Bonds, and Leases Payable			356,074
Other Noncurrent Liabilities			
Total Noncurrent Liabilities	0	0	356,074
Total Liabilities	2	0	399,861
NET ASSETS			
Invested in Capital Assets, Net of Related Debt			370,663
Restricted for:			
Unemployment Compensation			
Debt Service			7,869
Other Purposes	180		4,803
Unrestricted			81,807
Total Net Assets	$ 180	$ 0	$ 465,142

Agricultural Revolving Loan	Unemployment Compensation	Alaska Clean Water	Alaska Drinking Water	Total Other Agencies Enterprise Funds
$ 5,769	$ 225,150	$ 52,440	$ 12,034	$ 400,206
133	9,571			19,768
269		1,881	302	2,651
	181	19	134	334
	394	3	61	458
734		2,833	832	4,399
6,905	235,296	57,176	13,363	427,816
7,176		87,340	23,332	117,848
2,360				2,360
7,682				7,682
				277,359
3,906				3,906
				12,239
				188,871
				154,563
				28,414
				88,663
21,124	0	87,340	23,332	881,905
28,029	235,296	144,516	36,695	1,309,721
116	4,999		37	11,094
162	1,615			24,913
	4,871			4,871
				4,582
				3,829
				6,300
20	203			223
298	11,688	0	37	55,812
				356,074
	25			25
0	25	0	0	356,099
298	11,713	0	37	411,911
				370,663
	223,583			223,583
				7,869
		144,516	36,658	186,157
27,731				109,538
$ 27,731	$ 223,583	$ 144,516	$ 36,658	$ 897,810

STATE OF ALASKA **STATEMENT 4.32**
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Other Agencies Enterprise Funds
For the Year Ended June 30, 2002
(Stated in Thousands)

	Alcoholism and Drug Abuse Revolving Loan	Rural Economic Development Initiative	International Airports
OPERATING REVENUES			
Premiums and Contributions	$	$	$
Charges for Goods and Services			67,253
Interest and Investment Income		3	
Fines and Forfeitures			
Federal Grants in Aid			
Other Operating Revenues			683
Total Operating Revenues	0	3	67,936
OPERATING EXPENSES			
Benefits			
Operating	2		47,779
Depreciation			19,915
Provision for Loan Losses and Forgiveness			
Other Operating Expenses			
Total Operating Expenses	2	0	67,694
Operating Income (Loss)	(2)	3	242
NONOPERATING REVENUES (EXPENSES)			
Interest and Investment Income	9		5,725
Interest and Investment Expense			(1,190)
Other Nonoperating Revenues (Expenses)			13
Total Nonoperating Revenues (Expenses)	9	0	4,548
Income Before Capital Contributions and Transfers	7	3	4,790
Capital Contributions			23,396
Payments In from Component Units		652	
Payments (Out to) Component Units		(1,304)	
Transfers In from Other Funds			
Transfers (Out to) Other Funds			
Change in Net Assets	7	(649)	28,186
Total Net Assets - Beginning of Year	173	649	436,956
Total Net Assets - End of Year	$ 180	$ 0	$ 465,142

Agricultural Revolving Loan	Unemployment Compensation	Alaska Clean Water	Alaska Drinking Water	Total Other Agencies Enterprise Funds
$	$ 135,095	$	$	$ 135,095
18		351	43	67,665
724		903	334	1,964
11				11
	15,729	328	449	16,506
	2			685
753	150,826	1,582	826	221,926
	150,116			150,116
418		292	339	48,830
96				20,011
(172)	60			(112)
		96	110	206
342	150,176	388	449	219,051
411	650	1,194	377	2,875
	14,337	2,404	573	23,048
		(9)	(4)	(1,203)
546				559
546	14,337	2,395	569	22,404
957	14,987	3,589	946	25,279
		5,952	6,580	35,928
				652
				(1,304)
			761	761
(1,163)	(714)			(1,877)
(206)	14,273	9,541	8,287	59,439
27,937	209,310	134,975	28,371	838,371
$ 27,731	$ 223,583	$ 144,516	$ 36,658	$ 897,810

STATE OF ALASKA **STATEMENT 4.33**
Combining Statement of Cash Flows
Other Agencies Enterprise Funds
For the Year Ended June 30, 2002
(Stated in Thousands)

	Alcoholism and Drug Abuse Revolving Loan	Rural Economic Development Initiative	International Airports
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Other Governments	$	$	$
Receipts from Customers			67,970
Receipts of Principal from Loan Recipients		205	
Receipt of Interest and Fees from Loan Recipients		11	
Receipts from Insured			
Payments to Employees			(28,529)
Payments to Suppliers			(14,839)
Payments to Loan Recipients			
Claims Paid			10,902
Other Receipts			
Other Payments			
Net Cash Provided (Used) by Operating Activities	0	216	35,504
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Subsidies and Transfers (Out to) Other Funds			
Operating Subsidies and Transfers In from Other Funds			
Payments (Out to) Component Units		(1,107)	
Payments In from Component Units		652	
Federal Grants			
Proceeds from Issuance of Short-term Debt			
Payments on Short-term Debt			
Interest and Fees Paid on Borrowing			
Net Cash Provided (Used) by Noncapital Financing Activities	0	(455)	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets			(70,434)
Proceeds from Capital Debt			135,398
Interest and Fees Paid on Capital Debt			(11,567)
Federal Grants			19,384
Other Receipts (Payments)			4,632
Net Cash Provided (Used) by Capital and Related Financing Activities	0	0	77,413
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sales/Maturities of Investments			5,000
Purchase of Investments			(4,966)
Interest and Dividends on Investments	9		15,067
Change in Restricted Cash and Investments			(124,136)
Net Cash Provided (Used) by Investing Activities	9	0	(109,035)
Net Increase (Decrease) in Cash	9	(239)	3,882
Cash and Cash Equivalents - Beginning of Year	173	239	15,448
Cash and Cash Equivalents - End of Year	$ 182	$ 0	$ 19,330

Agricultural Revolving Loan	Unemployment Compensation	Alaska Clean Water	Alaska Drinking Water	Total Other Agencies Enterprise Funds
$	$ 15,865	$ 364	$ 300	$ 16,529
				67,970
1,889		5,676	388	8,158
735		1,821	250	2,817
	134,803			134,803
(224)		(291)	(339)	(29,383)
(89)		(96)	(110)	(15,134)
(2,539)		(7,142)	(8,003)	(17,684)
	(148,804)			(137,902)
18	(171)	63	118	28
	1,378			1,378
(210)	3,071	395	(7,396)	31,580
(1,163)	(714)			(1,877)
			761	761
				(1,107)
				652
		5,952	6,580	12,532
		1,588	800	2,388
		(1,588)	(800)	(2,388)
		(9)	(4)	(13)
(1,163)	(714)	5,943	7,337	10,948
				(70,434)
				135,398
				(11,567)
				19,384
				4,632
0	0	0	0	77,413
				5,000
				(4,966)
	14,337	2,404	573	32,390
				(124,136)
0	14,337	2,404	573	(91,712)
(1,373)	16,694	8,742	514	28,229
7,142	208,456	43,698	11,520	286,676
$ 5,769	$ 225,150	$ 52,440	$ 12,034	$ 314,905

This statement continued on the next page.

STATE OF ALASKA **STATEMENT 4.33**
Combining Statement of Cash Flows
Other Agencies Enterprise Funds
For the Year Ended June 30, 2002
(Stated in Thousands)

	Alcoholism and Drug Abuse Revolving Loan	Rural Economic Development Initiative	International Airports
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ (2)	$ 3	$ 242
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization			19,915
Other Reconciling Items			575
Net Changes in Assets and Liabilities:			
Accounts Receivable - Net			(541)
Due From Other Funds			
Due From Other Governments			
Loans, Notes and Bonds Receivable - Net		205	
Interest and Dividends Receivable - Net		8	
Other Assets			
Due to Other Funds	2		10,902
Due to Other Governments			
Accounts Payable and Accrued Liabilities			4,411
Other Liabilities			
Net Cash Provided (Used) by Operating Activities	$ 0	$ 216	$ 35,504
Reconciliation of Cash to the Statement of Net Assets:			
Total Cash and Investments per the Statement of Net Assets	$ 182	$ 0	$ 104,631
Less: Investments not Meeting the Definition of Cash or Cash Equivalents			(85,301)
Cash, End of Year	$ 182	$ 0	$ 19,330

Agricultural Revolving Loan	Unemployment Compensation	Alaska Clean Water	Alaska Drinking Water	Total Other Agencies Enterprise Funds
$ 411	$ 650	$ 1,194	$ 377	$ 2,875
96				20,011
(151)				424
	(244)			(785)
	(173)	69	(27)	(131)
	136	30	(6)	160
(19)		(1,392)	(7,652)	(8,858)
75		494	(125)	452
(560)				(560)
(39)	1,378			12,243
	(548)			(548)
(23)	1,860		37	6,285
	12			12
$ (210)	$ 3,071	$ 395	$ (7,396)	$ 31,580
$ 5,769	$ 225,150	$ 52,440	$ 12,034	$ 400,206
				(85,301)
$ 5,769	$ 225,150	$ 52,440	$ 12,034	$ 314,905

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Internal Service Funds

Internal service funds account for the operations of state agencies which render services to other state agencies, institutions, or other governmental units on a cost-reimbursement basis. The following are the state's internal service funds.

- Group Health and Life Benefits Fund (11135) - AS 39.30.095 - Administered by the Department of Administration. Effective July 1, 1997, the state began a self-insurance program to provide health care coverage for state employees covered by the retirement programs administered by the state. This fund consists of accumulated assets held for the purpose of paying health care claims for employees and accounts for transactions pertaining to the self-insurance program.
- Alaska Public Building Fund (11165) - AS 37.05.570 - Administered by the Department of Administration. Effective July 1, 2000, the Department of Administration began to manage the maintenance and operations of eight (8) state owned buildings. The goals are to manage these buildings, in good order and a functional state, while providing cost effective and efficient space for state agencies and private tenants (until private tenant leases expire and space is converted to state agency use), to retain maximum value of these state assets, and to maximize revenue from non-general fund sources.
- Information Services Fund (22500) - AS 44.21.045 - During the 1990 Legislative Session, the Legislature established the Information Services Fund (ISF) in the Department of Administration and classified it as an internal service fund. The ISF is used to account for the operation and financing of computing and telecommunication services for the State of Alaska. Included in these services is operation of the state's mainframe computer; the statewide consolidated data network; the telephone system in Juneau, Anchorage, and Fairbanks; and the microwave communications infrastructure.
- Highways Equipment Working Capital Fund (22600) - AS 44.68.210 - Administered by the Department of Transportation and Public Facilities. This fund is used for necessary expenses resulting from the centralization of equipment maintenance and for the operation of supply depots.
- Correctional Industries Fund (22654) - AS 33.32.020 - Administered by the Department of Corrections. The fund accounts for correctional industries program activities which include a commercial laundry service and a furniture manufacturing enterprise. The correctional industries program provides employment for inmates at several of the state's correctional institutions. All expenses of the correctional industries program, except salaries and benefits of state employees, are financed from the correctional industries program and budgeted in accordance with the executive budget. Salary and benefits of state employees of the program are financed by other funding sources.

STATE OF ALASKA **STATEMENT 4.41**
Combining Statement of Net Assets
Internal Service Funds
June 30, 2002
(Stated in Thousands)

	Group Health and Life Benefits	Alaska Public Building
ASSETS		
Current Assets:		
Cash and Investments	$ 12,336	$ 4,334
Accounts Receivable - Net	38	
Due from Other Funds	81	
Due from Component Units		847
Due from Other Governments		
Inventories		
Other Current Assets		
Total Current Assets	12,455	5,181
Noncurrent Assets:		
Capital Assets:		
Equipment, Net of Depreciation		
Buildings, Net of Depreciation		41,001
Total Noncurrent Assets	0	41,001
Total Assets	12,455	46,182
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	7,167	509
Due to Other Funds		553
Interest Payable		
Claims, Judgements, and		
Compensated Absences		40
Notes, Bonds, and Leases Payable		
Total Current Liabilities	7,167	1,102
Noncurrent Liabilities:		
Notes, Bonds, and Leases Payable		
Total Liabilities	7,167	1,102
NET ASSETS		
Invested in Capital Assets,		
Net of Related Debt		41,001
Restricted for:		
Unrestricted	5,288	4,079
Total Net Assets	$ 5,288	$ 45,080

Information Services	Highways Equipment Working Capital	Correctional Industries	Total Internal Service Funds
$ 11,108	$ 3,524	$ 239	$ 31,541
518			556
2,777	4,317	292	7,467
114			961
58		3	61
231	2,523	998	3,752
1,135			1,135
15,941	10,364	1,532	45,473
9,514	76,647	187	86,348
	201	788	41,990
9,514	76,848	975	128,338
25,455	87,212	2,507	173,811
2,645	856	282	11,459
			553
	88		88
1,163	1,830	174	3,207
788	1,723		2,511
4,596	4,497	456	17,818
1,302	5,199		6,501
5,898	9,696	456	24,319
7,424	69,925	975	119,325
12,133	7,591	1,076	30,167
$ 19,557	$ 77,516	$ 2,051	$ 149,492

STATE OF ALASKA **STATEMENT 4.42**
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2002
(Stated in Thousands)

	Group Health and Life Benefits	Alaska Public Building
OPERATING REVENUES		
Premiums and Contributions	$ 47,038	$
Charges for Goods and Services		7,819
Other Operating Revenues	344	
Total Operating Revenues	47,382	7,819
OPERATING EXPENSES		
Benefits	41,810	
Operating	3,170	5,151
Depreciation		1,878
Provision for Loan Losses and Forgiveness		
Total Operating Expenses	44,980	7,029
Operating Income (Loss)	2,402	790
NONOPERATING REVENUES (EXPENSES)		
Interest and Investment Income	642	31
Interest and Investment Expense		
Gain (Loss) on Disposal of Capital Assets		
Other Nonoperating Revenues (Expenses)	1,285	
Total Nonoperating Revenues (Expenses)	1,927	31
Income Before Capital Contributions and Transfers	4,329	821
Capital Contributions		
Transfers In from Other Funds		1,308
Change in Net Assets	4,329	2,129
Total Net Assets - Beginning of Year	959	42,951
Total Net Assets - End of Year	$ 5,288	$ 45,080

Information Services	Highways Equipment Working Capital	Correctional Industries	Total Internal Service Funds
$	$	$	$ 47,038
22,393	31,272	3,247	64,731
			344
22,393	31,272	3,247	112,113
			41,810
20,421	21,474	4,287	54,503
2,533	9,511	50	13,972
	2		2
22,954	30,987	4,337	110,287
(561)	285	(1,090)	1,826
	263		936
(159)	(399)		(558)
	(331)		(331)
186	71		1,542
27	(396)	0	1,589
(534)	(111)	(1,090)	3,415
	2,757		2,757
325		1,139	2,772
(209)	2,646	49	8,944
19,766	74,870	2,002	140,548
$ 19,557	$ 77,516	$ 2,051	$ 149,492

STATE OF ALASKA **STATEMENT 4.43**
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2002
(Stated in Thousands)

	Group Health and Life Benefits	Alaska Public Building
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Other Governments	$	$
Receipts from Customers		7,728
Receipts from Insured	47,056	
Payments to Employees	(167)	(685)
Payments to Suppliers	(3,458)	(3,769)
Claims Paid	(51,393)	
Other Receipts	877	
Other Payments		
Net Cash Provided (Used) by Operating Activities	(7,085)	3,274
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating Subsidies and Transfers In from Other Funds		1,308
Net Cash Provided (Used) by Noncapital Financing Activities	0	1,308
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Sale of Capital Assets		
Acquisition and Construction of Capital Assets		(2,031)
Principal Paid on Capital Debt		
Interest and Fees Paid on Capital Debt		
Capital Lease Payments (and Interest)		
Other Receipts (Payments)	1,285	
Net Cash Provided (Used) by Capital and Related Financing Activities	1,285	(2,031)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends on Investments	642	
Net Cash Provided (Used) by Investing Activities	642	0
Net Increase (Decrease) in Cash	(5,158)	2,551
Cash and Cash Equivalents - Beginning of Year	17,494	1,783
Cash and Cash Equivalents - End of Year	$ 12,336	$ 4,334
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	$ 2,402	$ 790
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization		1,878
Net Changes in Assets and Liabilities:		
Accounts Receivable - Net	552	
Due From Other Funds	46	237
Due From Component Units		(328)
Due From Other Governments		
Inventories		
Other Assets		
Due to Other Funds		543
Accounts Payable and Accrued Liabilities	(10,085)	139
Other Liabilities		15
Net Cash Provided (Used) by Operating Activities	$ (7,085)	$ 3,274
Reconciliation of Cash to the Statement of Net Assets:		
Total Cash and Investments per the Statement of Net Assets	$ 12,336	$ 4,334
Cash, End of Year	$ 12,336	$ 4,334
Noncash Investing, Capital, and Financing Activities:		
Contributed Capital Assets		
Interfund Asset Transfer		

Information Services	Highways Equipment Working Capital	Correctional Industries	Total Internal Service Funds
$ 54	$	$ 43	$ 97
21,598	29,881	3,234	62,441
			47,056
(8,325)	(11,056)	(1,439)	(21,672)
(11,388)	(8,365)	(3,059)	(30,039)
			(51,393)
			877
	(1,944)		(1,944)
1,939	8,516	(1,221)	5,423
325		1,139	2,772
325	0	1,139	2,772
	1,080		1,080
(2,196)	(19,188)		(23,415)
	(2,474)		(2,474)
	(427)		(427)
(703)			(703)
	71		1,356
(2,899)	(20,938)	0	(24,583)
	263		905
0	263	0	905
(635)	(12,159)	(82)	(15,483)
11,743	15,683	321	47,024
$ 11,108	$ 3,524	$ 239	$ 31,541
$ (561)	$ 285	$ (1,090)	$ 1,826
2,536	9,511	50	13,975
(518)			34
(77)	(1,373)	30	(1,137)
(114)			(442)
(31)	11		(20)
749	(20)	(23)	706
(481)			(481)
			543
784	29	(183)	(9,316)
(348)	73	(5)	(265)
$ 1,939	$ 8,516	$ (1,221)	$ 5,423
$ 11,108	$ 3,524	$ 239	$ 31,541
$ 11,108	$ 3,524	$ 239	$ 31,541
	2,995		2,995
	(238)		(238)

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Fiduciary Funds

Trust and agency funds are fiduciary in nature and are maintained to account for assets held by the state acting in the capacity as a trustee or agent. The following are the state's trust and agency funds.

Pension and Other Employee Benefit Trust Funds

- Retiree Health and Life Benefits (11159) – AS 26.05.020, AS 22.25.048, AS 39.35.020, AS 14.25.010 - Administered by the Department of Administration. The state began a self-insurance program to provide health care coverage for retirees covered by the retirement programs administered by the state. This fund consists of accumulated assets held for the purpose of paying health care claims for retirees and accounts for transactions pertaining to the self-insurance program.
- Deferred Compensation (32014) - AS 39.45.010 – Administered by the Department of Administration. This fund consists of compensation deferred by employees under the state's deferred compensation plan allowed under Section 457 of the Internal Revenue Code.
- Supplemental Benefits System (35041) - AS 39.30.150 – Administered by the Department of Administration. This fund consists of accumulated assets held for the purpose of paying benefits provided by the Supplemental Benefits System.
- Public Employees' Retirement System (35010) - AS 39.35.020 – Administered by the Department of Administration. This fund consists of accumulated assets held for the purpose of paying benefits provided by the Public Employees' Retirement System.
- Teachers' Retirement System (35020) - AS 14.25.010 – Administered by the Department of Administration. This fund consists of accumulated assets held for the purpose of paying benefits provided by the Teachers' Retirement System.
- Judicial Retirement System (35025) - AS 22.25.048 – Administered by the Department of Administration. This fund consists of accumulated assets held for the purpose of paying benefits provided by the Judicial Retirement System.
- Alaska National Guard and Alaska Naval Militia Retirement System (35030) - AS 26.05.222 – Administered by the Department of Administration. This fund consists of accumulated assets held for the purpose of paying benefits provided by the Alaska National Guard and Alaska Naval Militia Retirement System.

Private-purpose Trust Funds

- Memorial Education Revolving Loan Fund (21611) - AS 14.43.255 – Administered by the Department of Education and Early Development. The fund was created to pay tribute to the memory of Alaskans who, by example of their lives, or by their distinguished contribution and service to the state, their community, or their profession, exemplified the best that is the challenge of "The Great Land." The funds shall be used to provide education loans to students selected under AS 14.43.250-325.
- Alaska Veterans' Memorial Endowment (36010) – AS37.14.700(a) – Administered by the Department of Military and Veterans' Affairs to maintain and develop veteran memorials or military memorials. The fund consists of appropriations to the fund, donations to the fund, and income earned on investments of fund assets.

Agency Funds

- Deposits, Suspense, and Miscellaneous (32005) - Administered by the Department of Administration. This fund is used to account for refundable deposits and other receipts held in trust until the state has the right to transfer them to operating funds, or until there is a proper authorization to disburse them directly to others.
- Wage and Hour (32011) - Administered by the Department of Labor and Workforce Development. This fund was established to account for receipts and disbursements for wage and hour violations.
- Public Advocacy Trust Fund (32012) - AS 44.21.410 – Administered by the Department of Administration. The Public Advocacy Trust Fund holds in trust funds for individuals under the guardianship of the Office of Public Advocacy.
- EVOS Investment Trust Fund (32020) – Public Law 106-113 – Administered by the Exxon Valdez Oil Spill (EVOS) Trustee Council. Consists of assets of a joint federal/state trust fund established to receive, hold,

disburse and manage all natural resource damage recoveries obtained by the United States government and the State of Alaska under the Clean Water Act, arising out of the Exxon Valdez oil spill.

- Impact Aid PL 103-382 (32017) – Administered by the Department of Education and Early Development. These monies are received from the federal government and are distributed to the local school districts. The funds provide financial assistance to local school districts where enrollment or availability of revenue is adversely affected by federal activities.

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STATE OF ALASKA **STATEMENT 5.01**
Combining Statement of Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
June 30, 2002
(Stated in Thousands)

	Retiree Health and Life Benefits	Deferred Compensation	Supplemental Benefits
ASSETS			
Cash and Cash Equivalents	$ 36,871	$ 8,278	$ 711
Investments	112,791	377,572	1,692,183
Investment Loss Trust Fund Assets			1,594
Contributions Receivable	91	1,316	4,832
Due from Other Funds	26		
Other Assets			
Total Assets	149,779	387,166	1,699,320
LIABILITIES			
Accounts Payable and Accrued Liabilities	38,538		2,494
Due to Other Funds	1,011		
Total Liabilities	39,549	0	2,494
NET ASSETS			
Held in Trust for:			
Pension Benefits			
Postemployment Healthcare Benefits	110,230		
Individuals, Organizations, and Other Governments		387,166	1,696,826
Total Net Assets	$ 110,230	$ 387,166	$ 1,696,826

Public Employees' Retirement	Teachers' Retirement	Judicial Retirement	Alaska National Guard and Alaska Naval Militia Retirement	Total Pension and Other Employee Benefit Trust Funds
$ 3,553	$ 2,369	$ 79	$ 16	$ 51,877
7,406,614	3,682,010	63,633	12,212	13,347,015
				1,594
10,456	8,586	40		25,321
				26
24	12			36
7,420,647	3,692,977	63,752	12,228	13,425,869
7,395	3,418	63	84	51,992
419	523	5	30	1,988
7,814	3,941	68	114	53,980
5,323,757	2,983,297	61,731	12,114	8,380,899
2,089,076	705,739	1,953		2,906,998
				2,083,992
$ 7,412,833	$ 3,689,036	$ 63,684	$ 12,114	$ 13,371,889

STATE OF ALASKA **STATEMENT 5.02**

Combining Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2002
(Stated in Thousands)

	Retiree Health and Life Benefits	Deferred Compensation	Supplemental Benefits
ADDITIONS			
Premiums and Contributions:			
Employer	$ 182,501	$	$ 47,868
Member	27,643	25,589	53,431
Other	1,054		
Total Premiums and Contributions	211,198	25,589	101,299
Investment Income:			
Net Appreciation (Depreciation) in Fair			
Value of Investments	(4,623)	(25,619)	(91,831)
Interest	5,102	6,802	122
Dividends	527		
Total Investment Income	1,006	(18,817)	(91,709)
Less Investment Expense	53		
Net Investment Income	953	(18,817)	(91,709)
Other Additions			
Total Additions	212,151	6,772	9,590
DEDUCTIONS			
Benefits Paid	170,879	24,408	5,700
Insurance Premiums			5,378
Refunds of Premiums and Contributions			98,682
Administrative Expenses	8,490	785	2,648
Total Deductions	179,369	25,193	112,408
Net Increase (Decrease) in Net Assets Held in Trust for:			
Pension Benefits			
Postemployment Healthcare Benefits	32,782		
Individuals, Organizations, and Other Governments		(18,421)	(102,818)
Net Assets - Beginning of the Year	77,448	405,587	1,799,644
Net Assets - End of the Year	$ 110,230	$ 387,166	$ 1,696,826

Public Employees' Retirement	Teachers' Retirement	Judicial Retirement	Alaska National Guard and Alaska Naval Militia Retirement	Total Pension and Other Employee Benefit Trust Funds
$ 94,769	$ 61,402	$ 1,006	$ 880	$ 388,426
100,639	51,074	324		258,700
				1,054
195,408	112,476	1,330	880	648,180
(706,122)	(353,907)	(4,529)	(836)	(1,187,467)
163,529	81,753	2,204	477	259,989
111,418	55,667	477	79	168,168
(431,175)	(216,487)	(1,848)	(280)	(759,310)
17,104	8,747	149	51	26,104
(448,279)	(225,234)	(1,997)	(331)	(785,414)
10	4			14
(252,861)	(112,754)	(667)	549	(137,220)
404,536	279,843	4,084	1,284	890,734
				5,378
12,869	3,120			114,671
5,283	2,095	29	113	19,443
422,688	285,058	4,113	1,397	1,030,226
(472,432)	(319,270)	(4,246)	(848)	(796,796)
(203,117)	(78,542)	(534)		(249,411)
				(121,239)
8,088,382	4,086,848	68,464	12,962	14,539,335
$ 7,412,833	$ 3,689,036	$ 63,684	$ 12,114	$ 13,371,889

STATE OF ALASKA **STATEMENT 5.11**
Combining Statement of Fiduciary Net Assets
Private-purpose Trust Funds
June 30, 2002
(Stated in Thousands)

	Memorial Education Revolving Loan	Alaska Veterans' Memorial Endowment	Total Private-purpose Trust Funds
ASSETS			
Cash and Cash Equivalents	$ 1,524	$	$ 1,524
Loans Receivable - Net	2,842		2,842
Interest and Dividends Receivable	90		90
Due from Other Funds	1	125	126
Total Assets	4,457	125	4,582
LIABILITIES			
Accounts Payable and Accrued Liabilities	132		132
Total Liabilities	132	0	132
NET ASSETS			
Held in Trust for:			
Individuals, Organizations, and Other Governments	4,325	125	4,450
Total Net Assets	$ 4,325	$ 125	$ 4,450

STATE OF ALASKA **STATEMENT 5.12**
Combining Statement of Changes in Fiduciary Net Assets
Private-purpose Trust Funds
For the Year Ended June 30, 2002
(Stated in Thousands)

	Memorial Education Revolving Loan	Alaska Veterans' Memorial Endowment	Total Private-purpose Trust Funds
ADDITIONS			
Premiums and Contributions:			
Other	$ 183	$	$ 183
Total Premiums and Contributions	183	0	183
Investment Income:			
Interest	108		108
Transfers In from Other Funds		125	125
Total Additions	291	125	416
DEDUCTIONS			
Administrative Expenses	51		51
Total Deductions	51	0	51
Net Increase (Decrease) in Net Assets Held in Trust for:			
Individuals, Organizations, and Other Governments	240	125	365
Net Assets - Beginning of the Year	4,085	0	4,085
Net Assets - End of the Year	$ 4,325	$ 125	$ 4,450

STATE OF ALASKA **STATEMENT 5.21**
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2002
(Stated in Thousands)

	Deposits, Suspense, and Miscellaneous	Wage and Hour
ASSETS		
Cash and Cash Equivalents	$ 73,310	$ 99
Investments		
Due from Other Funds	1,289	
Total Assets	$ 74,599	$ 99
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 2,725	$ 37
Trust Deposits Payable	71,874	61
Due to Other Funds		1
Total Liabilities	$ 74,599	$ 99

Public Advocacy	Exxon Valdez Oil Spill Investment	Impact Aid PL 103-382	Total Agency Funds
$ 6,745	$	$ 1,872	$ 82,026
	177,578		177,578
			1,289
$ 6,745	$ 177,578	$ 1,872	$ 260,893

$	$	$	$ 2,762
6,745	177,556	13	256,249
	22	1,859	1,882
$ 6,745	$ 177,578	$ 1,872	$ 260,893

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Nonmajor Component Units

A description of the individual Component Units is contained in the Notes to the Financial Statements, Note 1A.

STATE OF ALASKA **STATEMENT 6.01**
Combining Statement of Net Assets
Nonmajor Component Units
June 30, 2002
(Stated in Thousands)

	Alaska Municipal Bond Bank Authority	Alaska Student Loan Corporation	Alaska Railroad Corporation
ASSETS			
Cash and Investments	$ 48,078	$ 23,570	$ 9,106
Accounts Receivable - Net			10,167
Interest and Dividends Receivable	8,568	438	
Due from Primary Government			
Due from Other Governments			
Loans, Notes, and Bonds Receivable	212,853		
Inventories			10,785
Repossessed Property			326
Restricted Assets		794,916	14,505
Other Assets			194
Capital Assets:			
Equipment, Net of Depreciation			66,914
Buildings, Net of Depreciation			1,676
Infrastructure, Net of Depreciation			75,950
Land			16,080
Construction in Progress			100,539
Total Assets	269,499	818,924	306,242
LIABILITIES			
Accounts Payable and Accrued Liabilities	33	1,111	14,177
Due to Primary Government	902	5,585	
Due to Other Governments			
Interest Payable	8,256	11,439	
Other Current Liabilites		236	3,295
Long-term Liabilities:			
Portion Due or Payable Within One Year:			
Claims, Judgements, and Compensated Absences			
Deferred Revenues and Advances		14,140	
Notes, Bonds, and Leases Payable	17,185	34,630	2,242
Other Long-term Debt	30		
Portion Due or Payable After One Year:			
Deferred Revenues and Advances			142,833
Notes, Bonds, and Leases Payable	192,325	449,401	18,600
Other Long-term Debt	11,066		
Other Noncurrent Liabilities		860	11,462
Total Liabilities	229,797	517,402	192,609
NET ASSETS			
Invested in Capital Assets, Net of Related Debt			108,300
Restricted for:			
Education		297,564	
Debt Service	18,202		
Other Purposes			
Unrestricted	21,500	3,958	5,333
Total Net Assets	$ 39,702	$ 301,522	$ 113,633

Alaska Energy Authority	Alaska Aerospace Development Corporation	Alaska Science and Technology Foundation	Alaska Mental Health Trust Authority	Total Nonmajor Component Units
$ 260,321	$ 26,655	$ 106,315	$ 322,987	$ 797,032
1,713	193	778	2,341	15,192
1,351		612	1,890	12,859
		205		205
10,184	96			10,280
23,960		1,000	1,664	239,477
	212			10,997
				326
				809,421
				194
	546			67,460
	30,743			32,419
300,566	6,794			383,310
			997	17,077
	9,492			110,031
598,095	74,731	108,910	329,879	2,506,280
5,525	456	2,060	5,812	29,174
8,072	35		496	15,090
1,861				1,861
3,724				23,419
			482	4,013
	116		179	295
			79	14,219
4,825				58,882
				30
	25,656		1,714	170,203
135,961				796,287
				11,066
505				12,827
160,473	26,263	2,060	8,762	1,137,366
159,780	47,575			315,655
				297,564
21,620				39,822
30,335			321,117	351,452
225,887	893	106,850		364,421
$ 437,622	$ 48,468	$ 106,850	$ 321,117	$ 1,368,914

STATE OF ALASKA **STATEMENT 6.02**
Combining Statement of Activities
Nonmajor Component Units
For the Year Ended June 30, 2002
(Stated in Thousands)

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services, and Other Royalties	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Nonmajor Component Units:					
Alaska Municipal Bond Bank	$ 12,292	$	$	$	$ (12,292)
Alaska Student Loan Corporation	40,685	37,105			(3,580)
Alaska Railroad Corporation	100,696	104,067	728	1,959	6,058
Alaska Energy Authority	252,344	18,927	35,943		(197,474)
Alaska Aerospace Development Corporation	8,644	4,614		12,814	8,784
Alaska Science and Technology Foundation	4,311				(4,311)
Alaska Mental Health Trust Authority	15,235	7,557	(3,450)	(1,276)	(12,404)
Total Nonmajor Component Units	$ 434,207	$ 172,270	$ 33,221	$ 13,497	(215,219)
General Revenues:					
Interest and Investment Earnings					30,113
Net Increase (Decrease) in the Fair Value of Investments					(6,574)
Other Revenues					121
Payments In from Component Units					185
Total General Revenues and Payments In from Component Units					23,845
Change in Net Assets					(191,374)
Net Assets - Beginning of Year					1,560,288
Net Assets - End of Year					$ 1,368,914

Other Supplementary Information

STATE OF ALASKA **STATEMENT 6.03**
Balance Sheet
Nonmajor Component Units Without Separately Issued Financial Statements
June 30, 2002
(Stated in Thousands)

	Alaska Science and Technology Foundation	Alaska Mental Health Trust Authority
ASSETS		
Cash and Investments	$ 106,315	$ 322,987
Accounts Receivable - Net	778	2,341
Interest and Dividends Receivable	612	1,890
Due from Primary Government	205	
Loans, Notes, and Bonds Receivable	1,000	1,664
Other Assets		997
Total Assets	$ 108,910	$ 329,879
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable and Accrued Liabilities	$ 2,060	$ 5,812
Due to Primary Government		496
Deferred Revenues and Advances		1,793
Other Long-term Debt		179
Other Liabilities		482
Total Liabilities	2,060	8,762
Fund Balances:		
Reserved:		
Encumbrances		3,811
Nonexpendable Trust Corpus		273,472
Other Purposes		43,834
Unreserved:		
Undesignated	106,850	
Total Fund Balances	106,850	321,117
Total Liabilities and Fund Balances	$ 108,910	$ 329,879

STATE OF ALASKA **STATEMENT 6.04**

Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Component Units Without Separately Issued Financial Statements
For the Year Ended June 30, 2002
(Stated in Thousands)

	Alaska Science and Technology Foundation	Alaska Mental Health Trust Authority
REVENUES		
Charges for Services	$	$ 24
Rents and Royalties		7,495
Interest and Investment Income	4,285	13,591
Net Increase (Decrease) in the Fair Value of Investments	(6,574)	(18,317)
Other Revenues	121	38
Total Revenues	(2,168)	2,831
EXPENDITURES		
Current:		
General Government	166	515
Education		100
University	877	100
Health and Human Services		11,223
Law and Justice		376
Public Protection		691
Natural Resources		1,403
Development	3,268	422
Transportation		405
Total Expenditures	4,311	15,235
Excess (Deficiency) of Revenues Over Expenditures	(6,479)	(12,404)
Fund Balances - Beginning of Year	113,329	333,521
Fund Balances - End of Year	$ 106,850	$ 321,117

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Statistical Section

STATE OF ALASKA **TABLE 1**
GOVERNMENTAL EXPENDITURES BY FUNCTION
Last Ten Fiscal Years
June 30, 2002
(Stated in Thousands)

Fiscal Year	General Government	Alaska Permanent Fund Dividend	Education	University	Health and Human Services	Law and Justice	Public Protection
1993	$ 197,504	$	$ 868,915	$ -	$ 707,275	$ 359,012	$ -
1994	207,096		827,888	-	780,790	387,798	-
1995	214,945		843,547	-	896,398	447,738	-
1996	216,672		832,363	-	980,166	433,336	-
1997	209,207		821,375	-	1,012,349	431,166	-
1998	200,392		827,794	-	1,031,507	425,328	-
1999	197,154		866,346	-	1,069,948	449,256	-
2000	189,026		876,890	-	1,170,063	462,056	-
2001	260,488		879,584	-	1,284,018	526,676	-
2002	393,579	1,086,362	973,716	1,644	1,404,269	117,648	410,000

NOTE: Expenditures include all governmental funds.
In FY 2002, function categories and funds were reclassified in conjunction with implementing GASBS 34 reporting standards.

TABLE 1

Natural Resources	Development	Transportation	Intergovernmental Revenue Sharing	Debt Service	Capital Outlay	Totals
$ 166,150	$ 30,155	$ 158,753	$ 178,308	$ 68,157	$ 447,752	$ 3,181,981
156,971	33,189	155,728	178,889	33,819	603,028	3,365,196
155,698	48,674	154,609	134,314	22,917	470,847	3,389,687
157,787	52,229	153,373	114,994	21,305	477,696	3,439,921
152,231	39,566	163,569	108,634	16,496	430,677	3,385,270
150,547	35,641	152,607	91,700	14,220	416,681	3,346,417
151,480	38,336	155,715	95,448	8,839	479,070	3,511,592
144,762	18,634	156,117	73,783	2,433	549,345	3,643,109
152,690	19,404	165,551	82,519	4,294	573,691	3,948,915
199,032	125,226	650,678	65,198	32,542	-	5,459,894

STATE OF ALASKA **TABLE 2**
AVAILABLE FUND BALANCE
GENERAL FUND
Fiscal Years 1959 - 2002
June 30, 2002
(Stated in Thousands)

Fiscal Year	Available Fund Balance
1959	$ 4,211
1960	10,804
1961	9,761
1962	24,372
1963	36,987
1964	20,244
1965	28,408
1966	29,292
1967	23,762
1968	22,585
1969	7,410
1970	789,994
1971	836,535
1972	761,270
1973	644,461
1974	516,940
1975	379,306
1976	504,851
1977	668,165
1978	651,093
1979	684,281
1980	1,549,357
1981	821,117
1982	(1,777,400)
1983	(520,095)
1984	(133,471)
1985	(213,941)
1986	(196,033)
1987	13,694
1988	224,012
1989	162,715
1990	300,133
1991	696,257
1992	0
1993	(56,711)
1994	(1,418,774)
1995	(1,561,428)
1996	(1,875,814)
1997	(1,792,463)
1998	(2,293,066)
1999	(3,359,397)
2000	(3,720,424)
2001	(3,717,067)
2002	(2,105,838)

NOTE: In FY 2002, funds were reclassified in conjunction with implementing GASBS 34 reporting standards.

STATE OF ALASKA **TABLE 3**
GENERAL FUND TAX REVENUES BY SOURCE
Last Ten Fiscal Years
June 30, 2002
(Stated in Thousands)

Fiscal Year	Income Tax	Fuel Tax	Severance Tax	Cigarette Tax	Property Tax	Other Taxes	Totals
1993	$ 192,563	$ 40,743	$ 1,019,082	$ 14,043	$ 66,918	$ 42,703	$ 1,376,052
1994	62,066	40,507	731,787	14,133	61,466	44,160	954,119
1995	195,482	39,601	852,833	14,396	57,250	45,510	1,205,072
1996	227,062	37,740	846,873	14,158	55,993	46,276	1,228,102
1997	317,846	35,318	972,124	13,652	53,567	46,331	1,438,838
1998	253,480	35,645	621,495	15,400	51,254	55,463	1,032,737
1999	198,856	37,725	412,757	15,233	48,840	48,175	761,586
2000	218,958	42,137	760,711	16,312	45,038	49,354	1,132,510
2001	397,582	37,737	745,435	16,350	45,087	59,719	1,301,910
2002	269,273	40,352	549,848	15,535	49,641	64,953	989,602

STATE OF ALASKA **TABLE 4**
GENERAL FUND REVENUES BY SOURCE
Last Ten Fiscal Years
June 30, 2002
(Stated in Thousands)

Fiscal Year	Taxes	Licenses and Permits	Charges for Services	Fines and Forfeitures	Rents and Royalties
1993	$ 1,376,052	$ 49,843	$ 72,332	$ -	$ 1,094,793
1994	954,119	59,632	72,258	-	741,402
1995	1,205,072	60,546	76,672	-	966,129
1996	1,228,102	61,172	75,121	-	909,514
1997	1,438,838	69,020	78,116	-	1,077,892
1998	1,032,737	71,419	82,938	-	738,791
1999	761,586	63,914	91,401	-	512,115
2000	1,132,510	69,233	122,670	-	1,043,416
2001	1,301,910	52,468	161,330	-	1,133,200
2002	989,602	63,459	157,119	11,712	603,389

NOTE: In FY 2002, funds were reclassified in conjunction with implementing GASBS 34 reporting standards.

TABLE 4

Premiums and Contributions	Interest and Invest Inc	Federal	Other	Totals
$ -	$ -	$ 776,877	$ 145,435	$ 3,515,332
-	-	774,467	90,292	2,692,170
-	-	814,251	150,824	3,273,494
-	-	926,980	112,674	3,313,563
-	-	942,567	120,766	3,727,199
-	-	957,272	134,967	3,018,124
-	-	1,029,328	97,284	2,555,628
-	-	1,216,447	141,032	3,725,308
-	-	1,297,840	240,397	4,187,145
9,308	205,049	1,535,949	134,775	3,710,362

STATE OF ALASKA **TABLE 5**
STATE AID AND SHARED REVENUE TO DISTRICT SCHOOLS
Last Ten Fiscal Years
June 30, 2002
(Stated in Thousands)

Fiscal Year	Education Foundation Program	Cigarette Tax	Transportation Aid	Debt Retirement	Non-Resident Pupil Tuition
1993	$ 613,072	$ 2,700	$ 28,317	$ 124,948	$ 2,371
1994	617,354	2,721	29,360	98,649	1,743
1995	627,468	2,668	31,564	93,742	1,825
1996	639,464	2,655	32,842	80,322	1,732
1997	648,175	2,690	32,842	62,476	2,100
1998	653,155	2,608	35,195	61,640	2,068
1999	676,511	-	38,071	61,991	2,021
2000	672,309	-	41,915	64,350	2,117
2001	666,204	-	46,814	52,099	2,225
2002	677,182	-	50,564	54,057	2,225

(a) Other Aids include:

1. Instructional services in handicapped schools	$ 4,315
2. Instructional programs for youth in detention	1,100
3. Support of children attending school in Canada	-
	$ 5,415

(b) Data for 1994 through 2002 includes State Correspondence School and Mt. Edgecumbe Boarding School.

(c) Not stated in thousands.

TABLE 5

Other Aids (a)	Totals	Average Daily Membership (1st Qtr) (b)(c)	State Aid Cost Ratio Per Pupil (b)(c)
$ 4,014	$ 775,422	116,653	$ 6,647
3,989	753,816	121,429	6,208
4,143	761,410	122,511	6,215
4,539	761,554	124,753	6,104
4,651	752,934	126,464	5,954
4,750	759,416	129,425	5,868
4,724	783,318	132,905	5,894
4,747	785,438	131,696	5,964
5,415	772,757	132,256	5,843
5,415	789,443	132,670	5,950

STATE OF ALASKA **TABLE 6**
ASSESSED AND FULL VALUE OF TAXABLE PROPERTY
Last Ten Years
June 30, 2002
(Stated in Thousands)

	Values Within Cities & Boroughs			
	Real Property		Personal Property	
Calendar Year	Assessed Value	Full Value	Assessed Value	Full Value
1992	$ 18,725,444	$ 19,667,968	$ 2,560,998	$ 4,370,161
1993	19,263,773	20,411,013	2,621,355	4,418,487
1994	20,147,234	21,476,740	2,679,371	4,694,996
1995	21,274,993	22,622,971	2,560,465	4,602,147
1996	22,285,757	23,653,953	2,599,057	4,756,612
1997	23,820,717	25,691,808	2,666,315	4,852,884
1998	25,215,942	26,459,540	2,575,780	4,918,058
1999	26,536,533	28,127,982	2,582,718	5,272,520
2000	27,984,864	29,816,433	2,992,356	5,605,481
2001	29,482,507	32,139,890	3,046,808	5,791,733

NOTE: Information obtained from Alaska Taxable 2001, published by Department of Community and Economic Development, Division of Community and Business Development, Office of the State Assessor.

TABLE 6

Total		All Areas	Ratio of Total Assessed to Total Full Value	
Assessed Value	Full Value	Full Value	Cities & Boroughs	All Areas
$ 21,286,442	$ 24,038,129	$ 42,278,195	88.6%	50.3%
21,885,128	24,829,500	42,357,481	88.1%	51.7%
22,826,605	26,171,736	43,829,908	87.2%	52.1%
23,835,458	27,225,118	44,394,000	87.5%	53.7%
24,884,814	28,410,565	45,265,505	87.6%	55.0%
26,487,032	30,544,692	47,013,312	86.7%	56.3%
27,791,722	31,377,598	47,541,072	88.6%	58.5%
29,119,251	33,400,502	49,157,742	87.2%	59.2%
30,977,220	35,421,914	50,722,879	87.5%	61.1%
32,529,315	37,931,623	53,226,385	85.8%	61.1%

STATE OF ALASKA **TABLE 7**
SCHEDULE OF NET GENERAL BONDED DEBT /
PROPERTY VALUE RATIOS AND PER CAPITA
Last Ten Years
June 30, 2002
(Stated in Thousands)

Calendar Year	Population (a) (c)	Assessed Value Cities & Boroughs (b)	Full Value All Areas (b)	Gross General Bonded Debt
1992	586,722	$ 21,286,442	$ 42,278,195	$ 156,883
1993	596,906	21,885,128	42,357,481	105,520
1994	600,622	22,826,605	43,829,908	78,192
1995	601,581	23,835,458	44,394,000	39,101
1996	605,212	24,884,814	45,265,505	24,206
1997	609,655	26,487,032	47,013,312	10,891
1998	617,082	27,791,722	47,541,072	2,376
1999	622,000	29,119,251	49,157,742	-
2000	626,932	30,977,220	50,722,879	-
2001	634,892	32,529,314	53,226,385	-

(a) Population information was obtained from 2001 Census provided by Alaska Department of Labor.

(b) Information obtained from Alaska Taxable 2001, published by Department of Community and Economic Development, Division of Community and Business Development, Office fo the State Assessor.

(c) Not stated in thousands.

TABLE 7

Less Debt Service Funds	Net General Bonded Debt	Ratio of Net General Bonded Debt to Assessed Value: Cities & Boroughs	Ratio of Net General Bonded Debt to Full Value: All Areas	Net General Bonded Debt Per Capita (c)
$ 343	$ 156,540	0.7%	0.4%	$ 267
343	105,177	0.5%	0.2%	176
148	78,044	0.3%	0.2%	130
-	39,101	0.2%	0.1%	65
7,700	16,506	0.1%	0.0%	27
-	10,891	0.0%	0.0%	18
668	1,708	0.0%	0.0%	3
-	0	0.0%	0.0%	0
-	0	0.0%	0.0%	0
-	0	0.0%	0.0%	0

STATE OF ALASKA **TABLE 8**
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES AND UNRESTRICTED REVENUES
Last Ten Fiscal Years
June 30, 2002
(Stated in Thousands)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Total General Fund Unrestricted Revenues	Ratio of Debt Service to General Fund Expenditures	Ratio of Debt Service to General Fund Unrestricted Revenues
1993	$ 51,363	$ 8,325	$ 59,688	$ 3,145,310	$ 2,742,032	1.9%	2.2%
1994	28,398	5,421	33,819	3,338,553	1,919,787	1.0%	1.8%
1995	20,221	2,696	22,917	3,312,357	2,458,698	0.7%	0.9%
1996	18,870	2,435	21,305	3,385,929	2,383,671	0.6%	0.9%
1997	14,895	1,601	16,496	3,350,248	2,788,733	0.5%	0.6%
1998	13,315	904	14,219	3,301,455	2,064,732	0.4%	0.7%
1999	8,515	324	8,839	3,434,008	1,522,285	0.3%	0.6%
2000	2,376	57	2,433	3,555,606	2,508,319	0.1%	0.1%
2001	-	-	0	3,757,893	2,829,037	0.0%	0.0%
2002	-	-	0	5,184,349	1,991,338	0.0%	0.0%

NOTE: Expenditures include operating transfers for debt service.

STATE OF ALASKA **TABLE 9**
SCHEDULE OF REVENUE BOND COVERAGE
INTERNATIONAL AIRPORT FUND
Last Ten Fiscal Years
June 30, 2002
(Stated in Thousands)

Fiscal Year	Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Ratio of Net Revenue to Debt Service Requirements
				Principal	Interest	Total	
1993	$ 46,664	$ 36,177	$ 10,487	$ 2,920	$ 4,671	$ 7,591	1.4
1994	44,914	35,937	8,977	6,860	2,377	9,237	1.0
1995	48,959	36,291	12,668	3,390	2,276	5,666	2.2
1996	50,825	37,310	13,515	3,505	2,168	5,673	2.4
1997	55,799	40,510	15,289	3,640	2,041	5,681	2.7
1998	54,221	39,278	14,943	3,785	1,896	5,681	2.6
1999	52,184	40,901	11,283	3,970	1,735	5,705	2.0
2000	56,716	42,472	14,244	3,210	12,812	16,022	0.9
2001	73,922	44,798	29,124	1,135	11,613	12,748	2.3
2002	67,936	47,779	20,157	3,660	11,508	15,168	1.3

NOTE: The revenue and expense figures are from the statement contained within the State of Alaska Comprehensive Annual Financial Report titled Other Agencies Enterprise Funds, Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (Statement 4.32). The revenue figures are from revenue accounts titled Charges for Services and Other Operating Revenues. The figures for the operating expenses include Personal Services, Travel and Per Diem, Contractual Services, and Materials and Supplies.

STATE OF ALASKA **TABLE 10**
MISCELLANEOUS STATISTICAL DATA
June 30, 2002

GENERAL:

Date of Incorporation:	January 3, 1959	Area - Square Mile	586,412
Date of Constitution Adopted:	April 24, 1956 (Referendum Date)	Coast-line Miles:	33,904

Form of Government: State

Employees Paid as of June 30, 2001:

	Regular Full-Time	Regular Part-Time	Seasonal Full-Time	Seasonal Part-time	2002 Total	2001 Total
Public Safety/Security Officers	412	-	-	-	412	402
Marine (Ferry)	744	-	-	-	744	717
General Government, Confidential, LTC	9,366	322	1,268	19	10,975	10,487
Supervisors	1,692	2	18	-	1,712	1,531
Firefighters	1	-	619	-	620	663
Teachers	77	18	-	-	95	89
National Guard	1	6	-	-	7	7
Exempt, Partially Exempt, and Excluded	1,300	202	64	1	1,567	1,500
Judicial Workers	617	68	-	-	685	668
Legislative Employees	369	10	-	69	448	396
Total Employees	14,579	628	1,969	89	17,265	16,460

Number of Votes Cast Compared to Number of Registered Voters:

	Voted	Registered	Percentage Voting
Last General Election - November 7, 2000	287,825	473,648	60.8%
Last Primary Election - August 22, 2000	79,145	460,321	17.2%
Last Special Election - September 14, 1999	186,087	446,245	41.7%

FIRE PROTECTION:

	2002	2001
Number of Fire Departments Registered with Fire Marshall	124	111
Number of Full-Time Firefighters	1,200	1,100
Number of Volunteer Firefighters	4,428	3,900

EDUCATION:

	Number of Schools	Number of Certified Teachers	Initial Enrollment Students
Regional Education Attendance Areas (REAA):			
Elementary	22	138	1,834
Secondary	10	96	1,602
P-12	124	815	10,768
Cities/Boroughs:			
Elementary	190	4,330	72,137
Secondary	72	1,809	33,094
P-12	93	605	13,575
Private and Denominational Schools:	52	175	5,293

NOTES: Central Correspondence Study and Mt. Edgecumbe High School data are not included. Elementary includes Pre-elementary through grade 8. Secondary includes grades 9 through 12. Home schools are not included, as they don't register with the Alaska Department of Education and Early Development. The State of Alaska has no oversight over Private and Denominational Schools.

Information obtained from the Alaska Department of Education and Early Development, Division of Education Support Services, School Finance Section.

EDUCATION:

Enrollment of Alaska Students - Last Ten Fiscal Years

Fiscal Year	City and Borough	REAA'S	Private and Denominational Schools	Central Correspondence Study	Mount Edgecumbe	Enrollment All Schools
1993	107,567	13,611	4,802	1,046	264	127,290
1994	110,180	14,061	4,581	1,425	282	130,529
1995	111,490	13,954	4,417	1,357	266	131,484
1996	111,700	14,429	3,981	1,351	282	131,743
1997	113,762	14,381	3,835	1,489	287	133,754
1998	115,484	13,942	3,383	1,569	308	134,685
1999	118,374	14,468	4,177	2,628	308	139,955
2000	118,192	14,630	2,472	1,240	329	136,863
2001	117,909	14,076	4,957	1,041	330	138,313
2002	118,806	14,204	5,293	1,017	331	139,651

Alaska Colleges, Universities, and Community Colleges - Closing Enrollment - Last Ten Academic Years

Fall Semester	University of Alaska Main Campuses (a)	University of Alaska Community College (a)	Alaska Pacific University	Sheldon Jackson College	Alaska Bible College
1992	32,624	1,193	2,051	299	61
1993	31,883	1,220	1,665	280	53
1994	31,496	1,388	1,560	271	43
1995	31,032	1,477	1,464	223	54
1996	30,303	1,614	1,261	202	48
1997	29,521	1,663	863	185	43
1998	29,180	1,926	940	259	46
1999	28,697	1,552	1,083	235	37
2000	29,021	1,459	1,100	200	44
2001	30,625	1,427	1,292	253	44

Spring Semester	University of Alaska Main Campuses (a)	University of Alaska Community College (a)	Alaska Pacific University	Sheldon Jackson College	Alaska Bible College
1993	33,674	1,309	2,250	290	69
1994	32,088	1,744	2,000	277	52
1995	31,522	1,801	2,028	254	53
1996	31,427	1,570	1,762	257	43
1997	31,162	1,915	1,176	196	44
1998	30,115	2,017	1,034	169	39
1999	28,842	1,794	1,207	237	44
2000	28,002	1,900	1,186	188	36
2001	28,311	2,322	1,133	213	45
2002	31,461	2,302	1,200	219	43

(a) The University of Alaska has three multi-campus institutions and one community college.

NOTE: Enrollment figures are head count enrollments.

TRANSPORTATION:

Miles of Public Highways:	2002	2001
Land Miles:		
State (DOT/PF) Maintained:		
Interstate	1,082	1,082
Other Principal Arterials	867	866
Minor Arterials	620	615
Collectors	2,406	2,346
Local	582	580
State (DOT/PF) Maintained Subtotal	5,557	5,489
Other State (DNR) Maintained:	454	454
Borough/Municipal/Community:		
Arterials	31	30
Collectors	312	245
Local	5,359	4,754
Borough/Municipal/Community Subtotal	5,702	5,029
Federal Agency Maintained:		
U.S. Forest Service	1,267	1,285
U.S. Fish & Wildlife Service	57	-
National Parks	134	127
BIA/ Indian Nations	194	24
U.S. Corps of Engineers	7	-
U.S. Dept. of Defense	251	-
U.S. Coast Guard	5	-
Federal Agency Maintained Subtotal	1,915	1,436
Total Land Miles	13,628	12,408
Ferry Miles:		
State (DOT/PF) Maintained:		
Arterials	1,326	1,326
Collectors	979	979
Local	470	470
Total Ferry Miles	2,775	2,775
Total Miles of Public Highways	16,403	15,183

NOTE: DOT/PF refers to Department of Transportation and Public Facilities and DNR refers to Department of Natural Resources.

Total Air Carrier Activity
State of Alaska International Airports
Last Ten Fiscal Years

	Landings		Passengers			Freight (tons)	
Fiscal Year	Jets	Total	In	Out	Through	In	Out
1993	51,502	104,040	2,141,253	2,141,798	605,409	84,877	131,868
1994	53,106	106,132	2,248,391	2,259,209	572,303	90,478	141,625
1995	52,897	113,315	2,413,614	2,407,308	627,781	95,293	149,505
1996	54,736	110,763	2,412,824	2,428,340	699,884	95,440	148,380
1997	59,164	117,379	2,548,920	2,547,063	802,424	90,903	149,686
1998	66,301	122,576	2,532,369	2,531,986	779,953	103,288	159,669
1999	66,831	114,815	2,522,005	2,538,998	734,715	227,259	253,329
2000	69,901	119,372	2,588,078	2,600,238	694,662	247,658	266,363
2001	71,075	122,179	2,653,474	2,658,282	675,390	242,323	262,935
2002	70,161	121,722	2,624,631	2,634,245	513,076	236,834	259,036

NOTE: FY01 data for Freight (tons) In and Out changed due to revised reports received with current year information.

RECREATION:

Number of Acres:	2002	2001
Federal Parks and Monuments	54,700,000	54,700,000
Federal Wildlife Refuges and Conservation Areas*	76,739,292	76,990,809
Federal Forests	21,987,024	24,354,135
State Parks System	3,303,290	3,247,000
State Forests	2,243,100	2,243,100
State Public Reserves and Rivers	2,598,430	2,680,000
Other State Conservation Preserves, Game Refuges, Sanctuaries, and Critical Habitat Areas	3,150,000	3,150,000
Other Government, Local Government/Municipal	29,000	29,000
Total Number of Acres	164,750,136	167,394,044

POPULATION:

Year	Population	Increase (Decrease) Number	Percent	Civilian	Military
1950	128,643	-	-	108,301	20,342
1960	226,167	97,524	75.8	193,678	32,489
1970	300,382	74,215	32.8	269,648	30,734
1980	401,851	101,469	33.8	383,870	17,981
1990	553,124	151,273	37.6	529,992	23,132
1994	600,622	3,716	0.6	580,503	20,119
1995	601,581	959	0.2	582,545	19,036
1996	605,212	3,631	0.6	586,238	18,974
1997	609,655	4,443	0.7	591,601	18,054
1998	617,082	7,427	1.2	599,062	18,020
1999	622,000	4,918	0.8	603,316	18,684
2000	626,932	4,932	0.8	608,124	18,808
2001	634,892	7,960	1.3	611,401	23,491

Age Distribution of Population:

Year	Age Groups 0-4	5-13	14-17	18-24	25-34	35-44	45-54	55-64	65+	Median Age
1950	15,579	17,056	5,835	23,597	26,447	18,517	10,656	6,214	4,742	25.8
1960	34,193	43,216	11,487	32,129	39,672	31,981	18,957	9,146	5,386	23.3
1970	32,075	64,743	23,041	45,517	49,299	38,021	26,939	13,860	6,887	22.9
1980	38,949	62,363	29,433	59,773	90,808	54,022	34,243	20,713	11,547	26.1
1990	55,859	87,602	30,356	56,189	113,233	104,039	53,985	29,422	22,439	29.3
1994	56,874	98,784	36,496	49,612	106,429	119,029	72,199	33,174	28,025	31.0
1995	54,514	99,639	37,951	47,656	101,782	119,821	76,501	34,438	29,279	31.5
1996	52,568	99,966	38,795	48,377	97,426	120,566	81,217	36,047	30,250	31.9
1997	51,970	100,902	40,304	49,474	92,587	120,167	85,182	38,035	31,034	32.2
1998	51,876	101,208	41,116	51,242	88,444	120,318	89,613	40,977	32,288	32.5
1999	51,111	100,645	41,889	53,140	84,518	119,123	94,496	43,437	33,641	32.9
2000	47,591	100,450	42,676	57,292	89,473	114,049	94,952	44,750	35,699	32.4
2001	47,192	99,648	43,667	56,869	89,209	115,694	94,881	44,679	35,093	35.1

NOTE: Data for 1950 through 1999 were obtained from Alaska Population Overview - 2000 Estimates, published by Department of Labor and Workforce Development, Research and Analysis Section, Demographics Unit.
2000 and 2001 data was obtained from U.S. Census Bureau 2000 Census of Population & Housing Summary File

PERSONAL INCOME: Bureau of Economic Analysis - U.S. Department of Commerce

Year	Total Alaska Personal Income (Millions)	Alaska Per Capita	U.S. Per Capita	% Alaska to U.S.
1990	$11,549	$20,881	$18,666	111.9
1993	13,556	22,715	21,220	107.0
1994	14,065	23,417	22,056	106.2
1995	15,513	25,798	23,562	109.5
1996	15,762	26,057	24,651	105.7
1997	16,465	27,042	25,874	104.5
1998	17,167	27,904	27,322	102.1
1999	17,704	28,577	28,542	100.1
2000	18,612	30,064	29,676	101.3
2001	19,641	30,936	30,472	101.5

POPULATION OF CORRECTIONAL FACILITIES:

Adult:	2002	2001
Mat-Su Pretrial Facility	75	82
Yukon-Kuskokwim Correctional Center	94	82
Cook Inlet Pretrial Facility	380	401
Meadow Creek Correctional Center	78	76
Anchorage Correctional Center Annex (Sixth Avenue)	-	95
Hiland Mountain Correctional Center	195	208
Fairbanks Correctional Center	206	197
Lemon Creek Correctional Center	166	147
Ketchikan Correctional Center	63	47
Nome Correctional Center	96	95
Palmer Correctional Center - Minimum	174	176
Palmer Correctional Center - Medium	212	211
Wildwood Correctional Center	245	235
Wildwood Pretrial Facility	106	94
Spring Creek Correctional Center	487	496
Point MacKenzie	96	105
Alaska Prisoners in Federal Bureau of Prison Facilities Arizona and State of Minnesota Prison Facilities	630	768
State Prisoner Holding Facilities:		
Institutional Tents - Statewide	22	21
Community Residential Centers	694	694
Community Treatment Centers	24	28
Local Community Jails	79	84
Electronic Monitoring	98	61
CRC Offender Supervision (Home Arrest)	36	-
Anchorage Jail	388	-
Total Adult Population of Correctional Facilities	4,644	4,403

Juvenile:	2002	2001
McLaughlin Youth Center	180	177
Fairbanks Youth Facility	36	34
Nome Youth Facility	7	5
Johnson Youth Center	32	28
Bethel Youth Facility	19	20
Mat-Su Youth Facility	11	10
Total Juvenile Population of Correctional Facilities	285	274

NOTE: On April 15, 2002, the Anchorage Correctional Center Annex (Sixth Avenue) closed and the Anchorage Jail opened.

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Index of Funds

Fund Description	Authority	Separately Reported?	Fund or Group	Statement Number
Agricultural Revolving Loan	AS 03.10.040	Yes	OAEF	4.31-4.33
AHFC Special Pledge	Ch 107, SLA 1971	NR		
AIDEA - Rural Development Initiative	AS 44.88.600	No	DPCU	1.41, 1.42
AIDEA - Small Business Economic Development Revolving Loan	Ch 42, SLA 1987	No	DPCU	1.41, 1.42
Alaska Aerospace Development Corp.	AS 14.40.841	Yes	DPCU	6.01, 6.02
Alaska Children's Trust	AS 37.14.200	No	GF	3.11, 3.12
Alaska Clean Water	AS 46.03.032-034	Yes	OAEF	4.31-4.33
Alaska Debt Retirement	AS 37.15.011	No	GF	3.11, 3.12
Alaska Drinking Water	AS 46.03.036-038	Yes	OAEF	4.31-4.33
Alaska Energy Authority	AS 44.83.020	Yes	DPCU	6.01, 6.02
Alaska Historical Commission Receipts Account	AS 41.35.380	No	GF	3.11, 3.12
Alaska Housing Finance Corporation	AS 18.56.020	Yes	DPCU	1.41, 1.42
Alaska Industrial Development & Export Authority	AS 44.88.020	Yes	DPCU	1.41, 1.42
Alaska Marine Highway System	AS 19.65.060	No	GF	3.11, 3.12
Alaska Marine Highway System Vessel Replacement	AS 37.05.550	No	GF	3.11, 3.12
Alaska Mental Health Trust Authority	AS 47.30.011	Yes	DPCU	6.01, 6.02
Alaska Municipal Bond Bank Authority	AS 44.85.020	Yes	DPCU	6.01, 6.02
Alaska National Guard and Alaska Naval Militia Retirement System	AS 26.05.222	Yes	PTF	5.01, 5.02
Alaska Permanent Fund	Constitution, Art. IX, sec. 15	Yes	PF	1.11-1.13
Alaska Public Building	AS 37.05.570	Yes	ISF	4.41-4.43
Alaska Railroad Corporation	AS 42.40.010	Yes	DPCU	6.01, 6.02
Alaska Science & Technology Foundation	AS 37.17.010	Yes	DPCU	6.01, 6.02
Alaska Student Loan Corporation	AS 14.42.100	Yes	DPCU	6.01, 6.02
Alaska Surplus Property	AS 37.05.500(a)(2) and 44.68.130	No	GF	3.11, 3.12
Alaska Technical and Vocational Education Program	AS 23.15.830	No	GF	3.11, 3.12
Alaska Transportation Infrastructure Bank	Section 350 of the NHSD Act of 1995 Federal Law	No	GF	3.11, 3.12
Alaska Veterans' Memorial Endowment Fund	AS 37.14.700	Yes	PPTF	5.11, 5.12
Alaska World War II Veterans' Revolving Loan	AS 26.15.090	Yes	CAEF	4.11-4.13
Alcoholism & Drug Abuse Revolving Loan	AS 44.29.210	Yes	OAEF	4.31-4.33
Alternative Energy Revolving Loan	AS 45.88.010	Yes	EAEF	4.21-4.23
Alyeska Settlement Trust	Consent decree between U.S., Alaska, and Alyeska	Yes	SRF	3.21, 3.22
Art in Public Places	AS 44.27.060	No	GF	3.11, 3.12
Assistive Technology Loan Guarantee	AS 23.15.125	No	GF	3.11, 3.12
ASTF - BIDCO Fund	AS 37.17.210	No	DPCU	6.01, 6.02
ASTF - Endowment	AS 37.17.020	No	DPCU	6.01,6.02
ASTF - International Trade & Business Endowment	AS 37.17.440	No	DPCU	6.01, 6.02
Budget Reserve - Constitutional	Constitution, Art. IX, sec. 17	Yes	GF	3.11, 3.12
Budget Reserve - Statutory	AS 37.05.540	NR		
Child Care Facility Revolving Loan	AS 44.33.240	Yes	CAEF	4.11-4.13

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Fund Description	Authority	Separately Reported?	Fund or Group	Statement Number
Clean Air Protection	AS 46.14.260 and Federal Clean Air Act	Yes	SRF	3.21, 3.22
Commercial Fishing Revolving Loan	AS 16.10.340	Yes	CAEF	4.11-4.13
Commercial Passenger Vessel Environmental Compliance Fund	AS 46.03.482	No	GF	3.11, 3.12
Correctional Industries	AS 33.32.020	Yes	ISF	4.41-4.43
Deferred Compensation	AS 39.45.010	Yes	PTF	5.01, 5.02
Deposits, Suspense, and Miscellaneous Agency funds		Yes	AF	5.21
Disaster Relief	AS 26.23.300	No	GF	3.11, 3.12
Donated Commodity Fee	USC 7 CFR, Part 250	No	GF	3.11, 3.12
Educational Facilities Maintenance and Construction	AS 37.05.560	No	GF	3.11, 3.12
Employment Assistance & Training Program Account	AS 23.15.625	No	GF	3.11, 3.12
EVOS Investment Trust	Public Law 106-113	Yes	AF	5.21
Exxon Valdez Oil Spill Restoration	U.S. District Court Judgment	Yes	SRF	3.21, 3.22
Exxon Valdez Oil Spill Unincorporated Rural Community Grant Fund	AS 44.33.115	No	GF	3.11, 3.12
Exxon Valdez Settlement Trust	AS 37.14.400	Yes	SRF	3.21, 3.22
FHWA - Airspace Leases	Section 156 of the USSTURAA of 1987	No	GF	3.11, 3.12
FICA Administration	AS 39.30.050	No	GF	3.11, 3.12
Fish and Game	AS 16.05.100	Yes	SRF	3.21, 3.22
Fisheries Enhancement Revolving Loan	AS 16.10.505	Yes	CAEF	4.11-4.13
Fishermen's	AS 23.35.060	Yes	SRF	3.21, 3.22
Fuel Emergency	AS 26.23.400	No	GF	3.11, 3.12
Fund for the Improvement of School Performance	AS 14.03.125	No	GF	3.11, 3.12
General Fund	Operating fund of the State	Yes	GF	3.11, 3.12
Group Health and Life Benefits	AS 39.30.095	Yes	ISF	4.41-4.43
Highways Equipment Working Capital	AS 44.68.210	Yes	ISF	4.41-4.43
Historical District Revolving Loan	AS 45.98.010	Yes	CAEF	4.11-4.13
Impact Aid PL 103-382	Federal funds passed through to school districts	Yes	AF	5.21
Information Services	AS 44.21.045	Yes	ISF	4.41-4.43
International Airports	AS 37.15.410-550	Yes	OAEF	4.31-4.33
Investment Loss Trust	AS 37.14.300	No	SBS	
Judicial Retirement System	AS 22.25.048	Yes	PTF	5.01, 5.02
Major Maintenance Grant	AS 14.11.007	No	GF	3.11, 3.12
Memorial Education Revolving Loan	AS 14.43.255	Yes	PPTF	5.11, 5.12
Mining Revolving Loan	AS 27.09.010	Yes	CAEF	4.11-4.13
Municipal Capital Project Matching Grant	AS 37.06.010	No	GF	3.11, 3.12
National Petroleum Reserve	AS 37.05.530	Yes	SRF	3.21, 3.22
Northern Tobacco Securitization Corporation Bond Redemption	AS 18.56.086	Yes	DSF	3.01, 3.02
Northern Tobacco Securitization Corporation	AS 18.56.086	Yes	SRF	3.21, 3.22
Oil and Hazardous Substance Release Prevention Mitigation Account	AS 46.08.020(b)	No	GF	3.11, 3.12
Oil and Hazardous Substance Release Response Mitigation Account	AS 46.08.025(b)	No	GF	3.11, 3.12
Oil and Hazardous Substance Release Prevention and Response Fund	AS 46.08.010	No	GF	3.11, 3.12

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Fund Description	Authority	Separately Reported?	Fund or Group	Statement Number
Permanent Fund Dividend	AS 43.23.045	Yes	GF	3.11, 3.12
Public Advocacy Trust	AS 44.21.410	Yes	AF	5.21
Public Employees' Retirement System	AS 39.35.020	Yes	PTF	5.01, 5.02
Public School Trust	AS 37.14.110	Yes	PF	3.01, 3.02
Railbelt Energy	AS 37.05.520	No	GF	3.11, 3.12
Randolph - Sheppard Small Business	AS 23.15.130 and 20 USC 107-107(f)	No	GF	3.11, 3.12
Real Estate Surety	AS 08.88.450	No	GF	3.11, 3.12
Reclamation Bonding Pool	AS 27.19.040	Yes	SRF	3.21, 3.22
Retiree Health and Life Benefits	AS26.05.022, AS22.25.048, AS39.35.020, AS14.25.010	Yes	PTF	5.01, 5.02
Residential Energy Conservation	AS 45.89.010	Yes	EAEF	4.21-4.23
Rural Economic Development Initiative	AS 44.33.765	Yes	OAEF	4.31-4.33
School	AS 43.50.140	Yes	SRF	3.21, 3.22
School Construction Grant	AS 14.11.005	No	GF	3.11, 3.12
School Trust Land Sales	Attorney General Opinion	No	GF	3.11, 3.12
Second Injury	AS 23.30.040	Yes	SFR	3.21, 3.22
Small Business Revolving Loan	AS 45.95.060	Yes	CAEF	4.11-4.13
State Insurance Catastrophe Reserve	AS 37.05.289	No	GF	3.11, 3.12
State Land Disposal Income	AS 38.04.022(a)	No	GF	3.11, 3.12
State Land Reforestation	AS 41.17.300	No	GF	3.11, 3.12
Storage Tank Assistance	AS 46.03.410	No	GF	3.11, 3.12
Supplemental Benefits System	AS 39.30.150	Yes	PTF	5.01, 5.02
TAPS Rebate	Federal Public Law 101-380	No	GF	3.11, 3.12
Teachers' Retirement System	AS 14.25.010	Yes	PTF	5.01, 5.02
Tobacco Use Education and Cessation	AS 37.05.580	No	GF	3.11, 3.12
Training and Building	AS 23.20.130(d)	No	GF	3.11, 3.12
U of A - Advance Tuition	AS 14.40.803	No	U of A	1.41, 1.42
U of A - Land Endowment	AS 14.40.400	No	U of A	1.41, 1.42
Unemployment Compensation	AS 23.20.130	Yes	OAEF	4.31-4.33
Unincorporated Community Capital Project Matching Grant	AS 37.06.020	No	GF	3.11, 3.12
University of Alaska	AS 14.40.040	Yes	DPCU	1.41, 1.42
Vocational Rehabilitation Small Business Enterprise Revolving	AS 23.15.130	No	GF	3.11, 3.12
Wage & Hour Trust		Yes	AF	5.21
Workers' Safety and Compensation Administration Account	AS 23.05.067	No	GF	3.11, 3.12

Acronyms

LEGEND OF ACRONYMS

Acronym	Description
AS	Alaska Statute
AHFC	Alaska Housing Finance Corporation
AIDEA	Alaska Industrial Development and Export Authority
ASTF	Alaska Science & Technology Foundation
AF	Agency Fund
CAEF	Commercial Assistance Enterprise Fund
CFR	Code of Federal Regulations
Ch	Chapter
CSED	Child Support Enforcement Division
DPCU	Discretely Presented Component Unit
DSF	Debt Service Fund
DSMAF	Deposits, Suspense, & Miscellaneous Agency Funds
EAEF	Energy Assistance Enterprise Fund
EVOS	Exxon Valdez Oil Spill
FICA	Federal Insurance Contributions Act
FHWA	Federal Highway Administration
GASBS	Governmental Accounting Standards Board Statement
GF	General Fund
ISF	Internal Service Fund
NR	Not Reported in CAFR
NTSC	Northern Tobacco Securitization Corporation
OAEF	Other Agencies Enterprise Fund
PF	Permanent Funds
PL	Public Law
PPTF	Private Purpose Trust Fund
PSF	Public School Fund
PTF	Pension and Other Employee Benefit Trust Fund
SBS	Supplemental Benefits System
SLA	Session Laws of Alaska
SRF	Special Revenue Fund
USC	United States Code
USSTURAA	United States Surface Transportation and Uniform Relocation Assistance Act
U of A	University of Alaska